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NEWS SUMMARY

GENERAL

Cabinet plans soon on Scots

: Prime Minister is expected make a Commons statement the middle of next week outng the Government's plans devolution, and at the same e tabling Orders annulling Scotland and Wales Acts. he Cabinet was yesterday ng to sort out the complex itical difficulties following Scottish referendum and ications are that the Governnt will keep alive its commitnt to set up a Scottish embly.

he dilemma facing the isters is that they could face ote of no confidence if they tpone a vote on the orders pite of mounting Opposition ssure. Back Page

Death attack

ormer Tory Prime Minister ard Heath, who took Britain the EEC, accused the ne Minister of "crude tubnping and jingoism" during recent Paris summit when attacked the EEC farm y. Page 12

Vietnam offer

nam has proposed talks China in Hanoi or on the er to discuss their dispute eek after Chinese troops draws to their side of "the rical border." China has no comment so far. Page 12

clear check

Germany and the U.S. are sing a proposed German ear reactor deal with Argenr to ensure that there is no er of atomic weapons feration. Page 3

pal warning

John Paul, in his first clical, attacked the failings oth the Western and Comst models of society and ly warned of the dangers ie increasing gap between ich and the poor. Page 3

ats arrested

Portuguese naval vessel ted seven Spanish fishing for illegally fishing inside torial waters. The incident the first reported since and Portugal signed an ement on Tuesday ending deadlock between the two tries over fishing rights off ugal.

ze jail protest

e first group of journalists ed inside the Maze Prison Belfast had mouldy food n at them and urine d under cell doors by y Provisional IRA ners.

rkey quits

ey has decided to leave the ral Treaty Organisation, the ern military alliance from Pakistan and Iran withrecently. Only Britain remains a member.

ne-boy hope

marrow transplant boy ony Nolan could be out of ital and leading a "northal life in three weeks, rs at London's Westter Hospital for Children following a new treatment mprove his resistance to tion.

efly...

rd Tarling, former iate of Jim Slater, was exed to face charges in pore in connection with Par Brothers International. Page 8

dian Eric Morecambe was ortable in hospital after ing a heart attack.

snow is forecast for parts ritain in the next two or weeks, says the Weather

BUSINESS

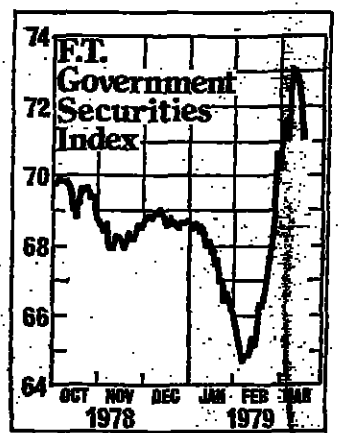
Equities fall 7.2; Gilts down 1.23

● EQUITIES fell quickly in the absence of institutional demand and the FT Ordinary Share Index closed 7.2 down at 502.7.

● STERLING fell 10 points to \$2.0360 and its trade-weighted average fell to 65.0 (65.1). The dollar's depreciation was unchanged at 8.4 per cent.

● GOLD rose \$½ to \$239¼ in thin trading in London.

● GILTS fell with the Government Securities Index down 1.23 at 71.66. Stockbrokers must share the blame with the Bank



of England for the inadequate handling of the two gilts issues on February 22, according to the Council for the Securities Industry. Back Page

● WALL STREET was ... 1.30 at 846.67 just before the close.

● SYDNEY All Ordinary index rose 2.02 to 593.56, its highest level for several years. Page 31

● BANK OF ENGLAND is to inject about £450m into the banking system on Monday in an attempt to ease severe liquidity pressures produced by the recent very large sales of giltedged stock and other Government debt. Back Page

● FINAL attempt to persuade the clearing banks to set up a guarantee scheme for their loans to small firms is likely to be launched soon by Mr. Harold Lever. Back Page; Wilson Committee Report, Page 10

● EARLY cut in building society rates, following the fall in interest rates last month, was ruled out by the chairman of the Halifax. Page 9

● BRITAIN is in danger of falling behind its competitors in microelectronic technology, the Industry Minister warned. Page 7

● BRITISH AEROSPACE will show a "very respectable" return for last year on assets employed, according to the chairman. Page 7

● JAPAN'S trade surplus with the rest of the world widened last month compared with January but Japanese imports rose by 30 per cent, the country's Finance Ministry announced. Page 6

● BARCLAYS travellers' cheques are on sale for the first time in China following an agreement by the Bank of China to become an agent for Barclays' sterling denominated cheques.

● KNIGHT, FRANK AND RUTLEY is expecting more than £1.5m to be offered for the former college of St. Mark and St. John, in Chelsea, when it goes under the hammer later this year. Page 7

COMPANIES

● THYSSEN, Western Europe's largest steel group, is cutting its dividend to DM 4 per DM 50 share from DM 550 after reporting a decline in net profits to DM 104.9m (DM 144.7m) Page 29

● SWEDISH MATCH group reports 1978 pre-tax profits, after extraordinary items, at SKr 4m (£0.4m), down from SKr 14m. An unchanged dividend of SKr 5 is proposed. Page 29

Lonrho plan to bid for SUITS gets monopoly go-ahead

BY ANDREW TAYLOR

Lonrho, the trading and industrial conglomerate, was yesterday given the all-clear by the Monopolies and Mergers Commission to proceed with its proposed bid for Scottish and Universal Investments, whose interests include whisky distilling and newspaper publishing.

Lonrho, which had been prevented from moving for SUITS for almost a year—while a Monopolies Commission investigation was carried out—last night indicated that it was still anxious to take control.

Mr. Tiny Rowland, Lonrho chief executive, said: "We would have wasted shareholders money if we did not intend to take this further."

The commission's 75-page report concludes that neither the acquisition of SUITS by Lonrho nor the consequent increase of Lonrho's stake in the House of Fraser—which owns Harrods store—was against the public interest.

The commission gives a generally favourable view of Lonrho's management style and operation — in marked contrast to a highly critical Department of Trade report published almost three years ago. The commission suggests that SUITS could benefit from Lonrho's "entrepreneurial drive and wider industrial and commercial experience."

The report says that although "there would be some risk of detriment to the public interest, the degree of risk would not be sufficiently great for us to find that the acquisition may be expected to operate against the public interest."

The commission had also been asked to investigate the effects on the House of Fraser of a Lonrho takeover of SUITS. Lonrho and SUITS together hold nearly 29 per cent of House of Fraser.

The commission concludes that although Lonrho would—if it acquired SUITS — be able to materially influence House of Fraser policy, it would not control it. This would not be expected to operate "against the public interest."

However, the commission stressed that it had not been asked to investigate a full takeover offer by Lonrho for House of Fraser. If this was to happen, "a further reference to us could no doubt be made."

A reference for a monopolies investigation was made last year after Lonrho launched a takeover bid then valuing SUITS at £39m.

The move split the SUITS board with three directors, led by Mr. Hugh Laughland, the group's chief executive, opposing the bid with two directors, including Sir Hugh Fraser, deputy chairman, in favour of Lonrho's offer.

Mr. Laughland said last night that he was disappointed about the commission's overall findings, but the group was glad to have had the opportunity of a breathing space—during which time SUITS had been trading strongly, and "the investment community has come more fully to appreciate the real value of our business."

Last night SUITS' share price stood at 140p compared with the price of 112p when Lonrho launched its share offer last April. Lonrho's share price was 71p, only slightly above the 69p level of 11 months ago.

Charterhouse Japhet, merchant bank advisers to SUITS, said last night that the group would be seeking an early meeting with Lonrho which controls a 29.24 per cent interest in SUITS.

The five non-Lonrho directors of SUITS are to meet tomorrow to discuss their next move. At the meeting will be Sir Hugh and Mr. James Gossman—both of whom supported Lonrho's takeover attempt last year.

Details Page 8
Editorial comment Page 22
Lex Back Page

Weather and strikes hit output

By Peter Riddell, Economics Correspondent

BRITAIN'S industrial production fell more sharply in January, because of strikes and bad weather, than during the period of the three-day working week in early 1974.

The Central Statistical Office announced yesterday that the all-industries index of production fell by 6 per cent between December and January to 104.4 (1975=100, seasonally adjusted), while manufacturing output dropped by 8.2 per cent to 94.9.

This compares with a decline of 5¼ per cent in the all-industries index between the end of 1973 and the first quarter of 1974, the period of the three-day week.

The drop in output in January was larger than expected and was the result of the combination of very bad winter weather and the various transport disputes, notably the lorry drivers' and rail strikes.

Metal manufacturing output dropped by 22½ per cent in January, reflecting in part the

Industrial Production

1975=100, seasonally adjusted

		All-industries	Manufctg.
1977	1st	105.6	103.9
	2nd	105.5	102.4
	3rd	106.2	103.0
	4th	105.8	101.8
1978	1st	107.0	102.2
	2nd	110.7	104.5
	3rd	111.4	104.9
	4th	109.6	102.5
	Oct.	108.5	101.7
	Nov.	109.4	102.3
	Dec.	110.0	103.4
1979	Jan.	104.4	94.9

Source: Central Statistical Office

impact of the rail dispute on British Steel, while production in the chemicals sector fell by over 17 per cent, supporting some of the worries expressed by ICI at the time.

In contrast, output in the food and drink sector only slipped slightly, while gas, electricity and water production increased by 4½ per cent as a result of the bad weather. North Sea output continued to rise.

Officials warn thatthe provisional estimates for January are less reliable than usual because of the difficulty of allowing for the disputes. Since much of the data used in the index measures deliveries, which have been more seriously disrupted than production, it is possible that output in January may have been understated.

Consequently, officials do not attempt to estimate the underlying level of production, which was flat from late last summer onwards, even after allowing for the Ford strike.

Polish debts will cost half earnings

BY JOHN EVANS

POLAND, THE most deeply indebted country in Eastern Europe, faces total interest and repayment charges on foreign debt this year equal to more than half of its earnings in convertible currencies, according to official Polish figures available for the first time in the West.

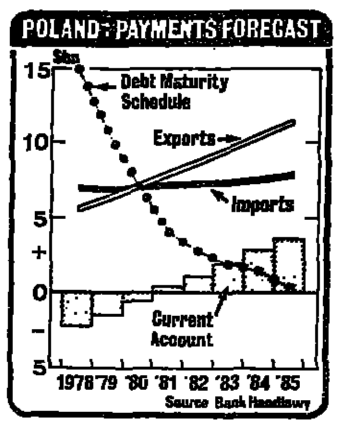
The country, which has been in sharp deficit on its trade with the non-Communist world for the past 10 years, has total borrowings in hard currencies of just over \$15bn (£7.4bn).

These statistics are contained in a confidential information memorandum prepared by the Polish state bank Handlowy Warszawie, in connection with a \$500m (£245m) syndicated loan now being raised on the Eurocurrency markets.

Poland's hard currency earnings to debt service ratio this year will reach 54 per cent, one of the highest among industrial or developing countries. But in spite of this, its Euroloan is proving a success.

Well over \$600m has already been subscribed for the credit which is managed by such leading banks as Bank of America, Bank of Nova Scotia, Barclays Bank and Lloyds Bank International. Syndication finished on Wednesday, after about 400 banks worldwide were canvassed for their participation.

There is now a chance the loan may be increased in size. The outcome depends on the degree to which the managing banks decide to reduce their own original underwriting commitments, which ranged up to \$35m per bank, because of over-subscription.



Deficit

The seven-year loan, which will help repay maturing debt, will bear interest rates 1¼ per cent above interbank rates for the first two years, and 1⅞ per cent for the remaining five years. These are high compared with the margins on Euromarket loans extended to most other Comecon states.

Although Poland is aiming for balance of payments equilibrium by 1981, the memorandum admits that, in view of the projected current account deficit until then, gross indebtedness is also "projected to increase by approximately the same amount."

The figures imply that without further Comecon aid or extensive refinancing of debt, Poland will find it extremely difficult to repay \$4.1bn debt due this year. The memorandum does not provide a figure for Poland's reserves which could also be mobilised.

What made the latest syndication possible, however, was Poland's decision to satisfy, for the first time, Western banks' requests for detailed information on its external financial position.

This concession—in an especially sensitive area of East-West commercial relations—has been misinterpreted in some Western financial centres. It has even given rise to incorrect reports that Western banks were now being given the power to monitor and intervene in the Polish economy in return for the \$500m financing.

There is still speculation that Poland may decide to rejoin the International Monetary Fund, in order to obtain access to fund credit facilities. Only two other Comecon countries, Romania and Vietnam are IMF members.

Mr. Marian Krzak, First Deputy Minister of Finance, said in Warsaw this week: "We have no application for membership in with the IMF at the moment. This is a question which, as with other items, we keep under regular review."

Bankers point out that, in making available hitherto confidential economic information to the West, Poland has gone some way towards the standards of economic disclosure which are usual for an IMF member-state. Poland was a member of the fund until the early 1950s.

The memorandum itself discloses that, at the end of last year almost 75 per cent of Poland's \$15bn of debt was in U.S. dollars, D-marks and Swiss francs.

Some \$7.3bn of this is of medium-term maturity, coming

Continued on Back Page

£ in New York

—	Mar. 14	Previous
Spot	\$2.0380-0390	\$2.0395-0405
1 month	0.44-0.40 dis	0.37-0.32 dis
3 months	0.75-0.70 dis	0.56-0.51 dis
12 months	1.95-1.75 dis	1.70-1.50 dis

Egypt's Cabinet endorses peace treaty terms

BY ROGER MATTHEWS IN CAIRO

EGYPT'S CABINET yesterday gave its formal and "unanimous" approval to the terms agreed by President Anwar Sadat on a peace treaty with Israel.

"I think we have achieved real peace thanks to Jimmy," President Sadat told reporters at his home yesterday, adding: "We owe President Carter a lot."

For Egypt, the only remaining constitution requirement is the assured vote of the People's Assembly, which can be expected in the next few days.

Mr. Mustapha Khalil, the Prime Minister, declined to say when Mr. Sadat would leave for the Washington signing ceremony. However, preparations are going ahead for his departure on March 22 or 23.

Mr. Khalil also suggested that his country must be ready to face possible sanctions from the rest of the Arab world and announced that a U.S. economic team would arrive in Cairo today to discuss additional aid.

The U.S. is understood to have promised Egypt a further \$500m (£245m) a year in addition to the \$1bn it is already receiving. A substantial part of the \$500m is likely to come in the form of commodity aid which in the short term should help to underpin Egypt's political stability by limiting the risk of a recurrence of the food price riots of January, 1977.

Mr. Kamal Hassan Ali, the Defence Minister, leaves for Washington today with more details of Egypt's military requirements and for talks with his Israel opposite number, Mr. Ezer Weizman, on the more technical aspects of Israel's withdrawal from the Sinai.

Egypt will be expecting to receive from the U.S. a range of equipment including advanced fighter aircraft, improved air defence systems, tanks, armoured personnel carriers and other military vehicles.

Mr. Khalil held an hour-long meeting yesterday with his principal economic ministers to discuss the extended U.S. aid package. He is believed also to have reviewed Egyptian attitudes to the International Monetary Fund, which is sending a team to Cairo next week for negotiations on the blocked \$730m facility agreed last summer.

James Buchan reports from Jeddah: Vice-President Hosni Mubarak of Egypt made an

Continued on Back Page
Other Middl East news Page 4

Civil servants step up strikes

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVANTS yesterday stepped up their selective strike campaign over pay as Lord Peart, Lord Privy Seal, warned that staff who refused to take over strikers' work would be suspended without pay.

His warning came as the number of civil servants on strike rose to 1,600, mainly computer staff. Payments of regional development grants and some transactions at the Export Credits Guarantee Department were hit yesterday.

Union leaders representing mainly clerical and executive grades said any suspensions would be challenged in the courts, and warned of wide-spread sympathy action if any staff were sent home. They made it clear that the action would be increased still further if the Government did not begin serious negotiation soon.

Lord Peart, who is responsible for day-to-day running of the Civil Service, will meet all the union leaders early next week.

The Prime Minister has agreed with Lord Peart's proposal that civil servants should be suspended if they will not strike-break, in spite of doubts in the Attorney-General's department of the move's legal security.

Leaders of the Civil and Public Services Association and the Society of Civil and Public Servants said they had taken legal advice which made it clear that staff could not be kept under contract without being paid. If there were suspensions, the unions would challenge them in court.

A further 160 civil servants in key areas were called out yesterday. A Department of Trade computer in Cardiff, which handles payments of regional development and other grants totalling £50m a week, was closed down. An Education Department computer which pays £5m a week to higher education bodies was also closed.

Processing of export credit insurance transactions at the Manchester office of the ECGD was halted, and the Department's computer centre at Cardiff will be shut down from Monday.

RAF computer staff at Carlisle and Stafford also went on strike.

The Government yesterday formally presented to Parliament an emergency Bill to ease the near-total shutdown of the Scottish courts by civil servants' strikes. The Bill will be given a second reading next week.

CONTENTS

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CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			FALLS		
Abbott Latham	176	+ 6	Treas. 13pc 1990	£104¾	— 1½
...man (Balham)	130	+ 20	Treas. 13¼pc 2000-03		
...es & Agency	92	+ 10	(£50 pd.)	£60¾	— 2
... & Metal	130	+ 10	Beecham	677	— 8
Samuel Wrgts.	270	+ 20	GEC	373	— 6
...e of Fraser	169	+ 6	Glaxo	547	— 9
... Bros.	155	+ 15	Hogg Robinson	135	— 9
...rs	48	+ 2½	MFI Furniture	365	— 15
...ington (T.)	55	+ 5	Marley	90	— 5
...es (J.)	70	+ 9	Racal Elect.	430	— 9
...ot-Breeden	105½	+ 5	Raybeck	110	— 6
...eley Hughes	264	+ 6	Robertson Foods	155	— 4
...w	390	+ 18	Second City Props.	49	— 6
			Utd. Scientific	273	— 11

Dutch shipyard aid 'will have to be written off'

BY CHARLES BATCHELOR IN AMSTERDAM

MOST OF the Fl 1.5bn (£375m) of government aid which has been pumped into the ailing Dutch shipbuilding industry over the past three years will have to be written off. Despite the large-scale support given to the Dutch yards, the position of most sectors is still critical and substantial further injections of funds will be needed.

These conclusions are contained in a report prepared by a parliamentary commission on shipbuilding and in remarks made by Mr. Gijs van Aardenne, the Economics Minister, in Parliamentary debate.

Of the Fl 1.5bn worth of support given to the shipbuilders—in the form of subsidies and loans—Fl 1.1bn can be considered as "lost," the commission said. The remainder can also probably be written off. On top this the yards themselves have written off a further Fl 140m on loss making orders.

Despite this support, the shipbuilding market continues to worsen. There are still no orders and the yards cannot meet continuing losses. The Fl 690m set aside for further support this year and next will not be enough to solve these problems, the commission said. The Economics Minister is due to announce what measures will be taken shortly.

The Dutch yards cannot reduce capacity any further without irrevocably damaging their chances of expanding again should demand recover, the commission said. There have already been widespread closures among the large yards in Rotterdam and Amsterdam.

In spite of the Fl 660m spent under Holland's maritime plan—a scheme aimed at encouraging Dutch shipowners to place their orders with Dutch yards—there is still a shortage of orders. This plan, which is in addition to the Fl 1.5bn of direct aid, could be replaced by a scrap and build scheme.

The existing scale of aid to the industry should be expanded and modified. Under the current system, if subordinated loans come to equal a set percentage of a company's capital, they may be converted into a shareholding.

The Government is opposed however to the de facto nationalisation of the industry, the Economics Ministry said. The direct state holding in the industry has so far been limited to a 43 per cent stake in Rijn-Schelde-Verolme, the largest Dutch yard.

The commission also recommended that the yards themselves should begin their own immediate programme of renewal. The largest yards have been hardest hit by the shipbuilding recession but other sectors have also been badly affected. Only in the dredging equipment sector is there any sign of improvement.

Lisbon and Bonn reach accord on investment

BY JIMMY BURNS IN LISBON

PORTUGAL and West Germany yesterday initialled a long-delayed agreement guaranteeing reciprocal protection for future investments.

The agreement, which follows the main guidelines of Portugal's 1977 foreign investment code, covers the problems of expropriation, capital transfers and arbitrary settlement of disputes. It is aimed at facilitating economic co-operation between the two countries, and particularly joint ventures.

West German officials here stressed, however, that there could be delays before the agreement is finally signed and ratified by both countries.

The agreement, as it stands, does not guarantee compensation for West German property and companies already expropriated as a result of the 1974 revolution, and therefore by-passes what is perhaps the most pressing factor adversely affecting business confidence here.

Strasbourg row over S. Africa report

By John Hunt in Strasbourg

A CONTROVERSIAL committee report on the code of conduct for companies with subsidiaries operating in South Africa was withdrawn at the European Parliament here yesterday, after a furious behind-the-scenes row.

At a private meeting of the Socialist group, British MPs demanded to know how pro-South Africa and pro-Apartheid sentiments had got into the final draft of the report when the Committee on Development and Co-operation had clearly decided they should be removed.

To make matters worse, the preface to the report said that the offending passages had been adopted unanimously by the committee.

As a result, the research division of the Parliament's permanent secretariat is carrying out an informal investigation into the circumstances in which the report was drawn up.

At the centre of the controversy is Mr. Wolfgang Schroeder, research assistant to the committee, who was responsible for the detailed writing of the report.

Ultimate responsibility for its contents rests with M. Pierre Lagorce, the French Socialist member of the European Parliament, who is rapporteur to the committee.

Socialist MPs are also dismayed that some of the proposals to which they objected appear to have been leaked to the South African Press before the report was published.

Last night, Mr. Schroeder, a German, said that the critical passages had remained in the report "purely as a result of a misunderstanding." Possibly, he said, this had arisen because of language difficulties.

He had no connection with South African interests and no outside pressure had been brought to bear on him to insert pasasges sympathetic to South Africa.

When the report came before Parliament last night, it was referred back to the committee at the request of M. Lagorce, who said there had been "some misunderstanding" over its contents.

The Socialist members of the committee were particularly angered at the paragraph in the report which criticised Mr. Walter Mondale, U.S. vice-president, for demanding "one man one vote" in South Africa.

Europe MPs back farm price rise

BY MARGARET VAN HATTEM

AS THE European Parliament voted here for a common price freeze for farm products in surplus—dairy produce and sugar—and a 3 per cent rise on all other products, French MPs disclosed yesterday that M. Piere Mehaignerie, France's Minister of Agriculture, intends to enlist support for higher farm prices from EEC colleagues when he tours Community capitals next week.

The European Parliament's vote yesterday was largely on national rather than party lines. British Conservatives sided with British Labour and Liberal MPs against a price rise and French Comunists, Gaullists, Christian Democrats and Socialists voted for the 3 per cent rise.

The EEC Commission, supported by Britain, has proposed a freeze on farm prices for 1979-80. M. Mehaignerie, as current president of the Council of Farm Ministers is visiting EEC capitals to seek a consensus and is expected to press for a 2 to 2.5 per cent across-the-board increase.

The French claim that all EEC members except Britain have agreed in principle on a small price rise. They say that EEC Heads of Government who met in Paris earlier this week approved the deal.

Although the Heads of Government refused to back a price freeze despite strong pressure from Britain and the Commission, it was suggested, at the time, that several including Herr Helmut Schmidt the West German Chancellor, had expressed sympathy for Britain's anxiety about the strain put on the EEC budget by farm surpluses.

Herr Schmidt later criticised as "incomplete" the case put by Mr. James Callaghan, Britain's Prime Minister. He said it contained all the old British criticisms of Common Agricultural Policy but no constructive suggestions.

Moreover in voting for "appropriate" price policy rather than the "rigorous" one urged by the Commission, the Heads of Government appear to have left their Farm Ministers plenty of room for a smallish price rise.

Dtailed negotiations of the farm price proposals is due to begin in Brussels on March 26. So far no country has spoken in council against a price freeze and Italy has expressed mild approval. But France, Ireland and Belgium are reported to be determined on a small price rise. Denmark and the Netherlands are believed to be ready to accept a freeze

Italian unions consider strike campaign

By Rupert Cornwell in Rome

AMID SIGNS that Italy's economic recovery may start to peter out later this year, the unions are considering a widespread strike campaign to back up their wage contract demands.

Confindustria, the employers' federation, rejected this week the two key components in the union platforms for 1979-81—a cut in the working week to 36-38 hours, and a greater say in management and corporate planning.

The main unions will decide soon on the strikes, but the considerations are finely balanced. While rank and file militants are strongly pressing for action, some elements argue caution in view of the near certainty of a general election in May or June.

A campaign taking place against the background of wide strike action might damage the popularity of the Communists among sections of the middle class whose support brought the party near to victory in 1976.

A sustained strike wave would do nothing to help a steady revival of the economy, already threatened by oil price increases and signs of an acceleration of inflation back to an annual rate of more than 13 per cent.

A Confindustria survey suggests that the rise in output might fall back in the first quarter of 1979 to a yearly rate of 4.5 per cent from 6.5 per cent in the last three months of 1978, and drop to 2.9 per cent in the second quarter this year.

These projections are roughly in line with those of other banking and forecasting institutes.

Chirac misjudges jobs debate

BY ROBERT MAUTHNER IN PARIS

THE EMERGENCY unemployment debate in the French National Assembly, in its second day yesterday, has turned out to be somewhat of a damp squib, to the discomfiture of the Gaullists on whose initiative it is being held.

M. Jacques Chirac, the Gaullist leader, who clearly felt that the violent protests of the Lorraine and northern French steelworkers against the Government's restructuring plan offered his party a good opportunity to drum up public support, has found that the whole exercise has boomeranged.

A prisoner of his own ambiguous policy of selective opposition to the Government on key issues, M. Chirac was well and truly outmanoeuyred in the procedural wrangles over the agenda

While the Gaullists banded together with the Socialists and Communists in obtaining the required majority of Deputies' signatures for Parliament to be recalled, it was the UDF Party, which provides President Giscard d'Estaing with his main support, which ensured that the agenda proposed by the left-wing opposition obtained precedence.

Instead of kicking off with the Gaullist proposals for the creation of two special commissions on unemployment and information policy, the session began with a discussion of the two separate censure motions tabled by the Socialists and Communists.

Since the Gaullists have already made it clear that they will not support these motions, the Government's life is not in danger for the moment and the debate has been deprived of any real tension.

M. Georges Marchais and M. Francois Mitterrand, the Communist and Socialist leaders, offered no convincing alternative which could ensure the survival of the steel industry.

If anything, it was M. Raymond Barre, the Prime Minister, who has come under sharp criticism for his stubborn refusal to abandon the steel plan, who came out best from the exchanges

Terry Dodsworth adds: M. Rene Monory, the French Economics Minister, has roundly condemned the strike by clerical staff on the Bourse which has virtually crippled market quotations for more than two weeks.

It was "scandalous" that people who had received large bonuses because of the high level of trading on the market last year, should be striking at a time of high unemployment, he said yesterday.

Long steel dispute predicted

BY DAVID WHITE IN PARIS

THE THREAT of a prolonged steel strike was evoked by a French union leader yesterday, as protests against the Government's job-trimming plans continued to multiply, despite failure of the main union confederations to agree on tactics.

Union disappointment at the initial results of talks with the steel companies was reflected by M. Jacques Chereque, head of the metal-working branch of the CFDT.

If future meetings with the companies and M. André Giraud, Industry Minister, did not produce any change, "we envisage a strike of long duration," he declared.

The CFDT has refused to join the Communist-led CGT in a march to Paris on Saturday week, having long accused that union of sacrificing labour issues to political point-scoring.

Instead, the CFDT is calling for a series of stoppages and protests, starting on Monday, in the Ardennes region of Northern France, on Tuesday at Longwy in Lorraine, on Wednesday in the Valenciennes area, near Lille, and the following Tuesday in all the plants of Usinor, the main steel group.

Another demonstration occurred at Denain yesterday, where Usinor is sticking by closure plans affecting almost 6,000 workers.

Sacilor, the main Lorraine steel group, has promised to resolve the cases of all the 8,500 workers it plans to lay off, and has scheduled detailed talks with the unions over the next three weeks.

Karamanlis begins tour of Balkans

By David Tonge

MR. CONTANTINE Karamanlis, the Greek Prime Minister, today sets off on a trip to Belgrade and Bucharest with his main concern being to ensure that the Balkans do not become the next scene of Sino-Soviet antagonism.

In a recent speech he described Greece's relations with its northern neighbours and Romania as "ideal." Though largely true of Romania, this was otherwise an overstatement, not least because the Greeks have long regretted the way that the Bulgarians failed to respond to their attempts to develop multilateral co-operation in the Balkans.

Further, Mr. Karamanlis's statement that he feared competition between Moscow and Peking "could create problems" in the Balkans reflected the fears that have existed in Greece for the past seven months.

Last August, Chairman Hua Guofeng raised the spectre of Macedonian nationalism during his visit to Yugoslavia. His praise of the Macedonians' "long struggle for social and national progress" put him firmly on the side of the Yugoslavs in their battle with Bulgarians on this contentious issue.

In the Balkan tinderbox the problems of the Chams and the Kossovans and disputes over Bessarabia and Northern Epirus have joined Kings Zog and Carol and the Little Entente on the shelves of history. But the Macedonian question retains its potential for conflict, particularly in a post-Tito era.

The Yugoslavs have given this determined breed a republic of their own within the Yugoslav federation. They also insist that there are "oppressed" Slavo-Macedonian minorities in Bulgaria and Greece.

Such claims, like Chairman Hua's talk of the Macedonian nation, anger Greece as much as they do Bulgaria. But otherwise, relations between Yugoslavia and Greece flourish.

In 1934, the two were among the members of the Balkan Pact, and in 1953 they and Turkey signed a treaty of friendship and co-operation.

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Bonn, U.S. seek accord over Argentina N-deal

BY JONATHAN CARR IN BONN

… AN effort to avoid … gravating differences between … em on nuclear export policy, … est Germany and the U.S. are … close contact over a proposed … rman deal with Argentina.

The object is to see how … gentina's legitimate desire for … ll nuclear installations might … fulfilled, without taking … ion which in Washington's … w would increase the danger … nuclear weapons prolifera- … n.

At issue is Argentina's desire … acquire not only a natural … anium reactor—which would … the country's third of this … d—but also a complete heavy … ter plant.

West Germany would be in a … sition to deliver all this— … leed the domestic nuclear industry would be happy to do so, since business is poor at home and question marks hang over potential business abroad, not least in Iran.

However, although senior German Ministers have already discussed the issue no final decision has yet been taken—beyond seeking more information both from Washington and Buenos Aires.

The Germans are anxious to avoid if possible a repetition of the clash which came with the U.S. over Bonn's 1975 nuclear accord with Brazil. Under that agreement, the Germans are to supply not only nuclear reactors but also enrichment and reprocessing facilities, which the Americans note can be used to make bombs.

These facilities are not desired by Argentina—but the Americans point out that heavy water installations are also classed as "sensitive technology" under the American Non-Proliferation Act of 1978.

The U.S. fear is that with its own supplies of natural uranium and a heavy water plant Argentina — which like Brazil has not signed the nuclear non-proliferation treaty—would be able to produce the plutonium needed for nuclear weapons.

It is also pointed out that International Nuclear Fuel Cycle Evaluation (INFCE) talks are under way following an initiative of the western summit conference of May 1977 to try to bring some consensus on the proliferation issue. These will not end before next year—and meanwhile there is reluctance to take action which would clearly cut across them.

The West Germans are now seeking to discover whether the Argentinians might be ready — despite previous indications to the contrary — to take the natural uranium reactor alone, dropping their demands for heavy water plant.

Alternatively, it is hoped that the plant might be built in cooperation with the U.S., so that Washington would have a degree of control over production. It remains unclear exactly how this might be achieved — and whether the Argentinians would agree to the arrangement.

Finally, it is understood that Canada has also been approached by Argentina to provide the facilities. The Germans are thus watching the Canadian attitude with interest. If Canada says firmly no, it is felt it would be harder for the Germans to go ahead.

Britain supported on CAP

BY OUR BONN STAFF

…ADING West German newspapers have commented …vourably on Britain's …mands for reform of the …mmon Agricultural Policy …AP), made most recently … this week's European Council …sion. The comment is in …rp contrast to the critical …marks often made in the …rman Press about Britain's …nd on other European Community issues.

The Munich-based Sued…utsche Zeitung said yester… in a long editorial that …son was on Britain's side on … CAP reform issue. It was … Britain which deserved to … pilloried, but rather those …o felt all Europe's wounds …nd be cured with "green …tment," no matter how much …s cost consumers and tax…ers.

The Bonn General Anzeiger suggested the operation of the CAP showed contact with commonsense had been lost. Even though Britain did not succeed at the European Council in gaining formal support for a price freeze, the British threat to insist on such a freeze in the Agricultural Council had to be taken seriously.

The Frankfurter Allgemeine Zeitung not only suggested that the British should not be made the scapegoats but described the Germans—in particular, Herr Josef Ertl—the Agriculture Minister, as the real sinners. In similar vein, the Stuttgarter Zeitung said commonsense argued that money was being wasted on the CAP—and that the richer countries (including West Germany) were benefiting.

Simonet in talks with Portugal

BY JIMMY BURNS IN LISBON

… HENRI SIMONET, the …gian Foreign Minister, …ved here yesterday on a …four visit for talks on …tugal's accession to the …mmon Market, Africa, and …teral questions centred on … problems of Belgium com…ies nationalised during the …uguese revolution.

… what diplomatic officials … describe as a "working visit," Mr. Simonet is expected to refer to the need for a speedy reorganisation of the Portuguese commission for European integration before negotiations on accession resume next month.

The disarray of Portugal's chief negotiating body on EEC matters following the resignation of its president, Dr. Vitor Constancio, is troubling the Belgium Government, which is particularly keen on seeing Portugal become an EEC member as soon as possible.

Mr. Simonet, who will be holding talks with Sr. Joao Freitas Cruz, the Portuguese Foreign Minister, will discuss the question of closer collaboration between Europe and African states.

Pope flails Western, Communist systems

By Rupert Cornwell in Rome

POPE JOHN PAUL II yesterday strongly attacked the failings of both Western and Communist models of society, and warned in exceptionally blunt terms of the dangers of the ever increasing gap between rich and poor.

His feelings, tinged with an evident and profound anxiety, are set out in the first encyclical of his five-month-old papacy, entitled "Rodentor Hominis" (the Saviour of Man). The document was first drawn up last November in his native Polish. It runs to 100 pages and bears the date of March 4, 1979.

As such, it broadly sets out the Pope's views on the state of the world and the role of the Roman Catholic Church within it.

Father Roberto Tucci, the Director of Vatican Radio, who yesterday presented the encyclical, underlined its message of John Paul II's determination to preserve the Church's independence, and to concentrate on protecting man and his dignity, irrespective of the political system under which he lives.

The Pope—who is to visit Poland in June—speaks out against communism, when he writes of the "unacceptable" phenomenon of "atheism planned and built into a system," as its only arbiter.

But to ram home the assertion that the Church is "in no way bound to any political system and is completely separate from the political community," the encyclical proceeds to criticise most severely the shortcomings of capitalist affluence.

John Paul II attacks the "moral disorder" of such societies, where individual liberty is often confused with excessive consumption and acquisitiveness without any basis in ethics. Nor had wealth alone solved many of their deep-rooted problems.

While many parts of the developed world consumed too much, huge areas elsewhere where becoming even poorer and hungrier. This trend, says the Pope, "calls into question the financial, monetary productive and commercial structures which govern the world economy."

The failing was all the more striking, the encyclical continues. "If we consider that new countries and nations are offered instead of bread and moral aid, modern arms and means of destruction."

SPANISH DEVOLUTION POLITICS AFTER THE ELECTIONS

Suarez seeks allies in Catalonia

BY DAVID GARDNER IN BARCELONA

Prime Minister Adolfo Suaraz (left), who had an unexpected meeting with Sr. Josep Tarradellas (right), president of Catalonia's parliament.

ONE DISCREET reaction to this month's general election, which could have far-reaching effects on Catalan and Spanish politics, was last week's surprise visit to Madrid by Sr. Josep Tarradellas, president of the Generalitat. Catalonia's historical governing body re-established 18 months ago.

The main reason for his unscheduled talks with Sr. Adolfo Suarez, the Prime Minister, appears to have been a personal attempt to block a possible coalition between Sr. Suarez's ruling Union de Centro Democratico (UCD) and the Convergencia Democratica de Catalunya (CDC) the Government's rivals for the centrist vote in Catalonia.

Once it became clear that the election would not give the UCD an overall majority in the 350-seat lower house, interest shifted rapidly on to the likely junior partners in some form of coalition.

The two most obvious candidates are the neo-Fascoist Coalicion Democratica (CD), and the coalition based on Sr. Jordi Pujol's Nationalist CDC. Pending the definitive results of the elections, both groupings have between nine and 10 deputies with which to supplement the Government's probable 169 seats.

The CDC is a likely coalition partner as it has a record of supporting the Government on major social and economic questions, limiting its opposition to regional issues and the thorny question of devolution.

However, it will exact a price for its support: speedy passage through Parliament of the statute of autonomy drafted by an all-party committee of Catalan Parliamentarians last autumn.

This bill was submitted hours before the dissolution of the last parliament in December. Once the statute is approved, elections will be held to the Catalan parliament and to the presidency of the Generalitat, which up to now has stood practically powerless as the showcase of the government's devolution policy.

Sr. Tarradellas wants to postpone the implementation of autonomy as long as possible. As he would stand little chance of being re-elected, even with the full backing of the Government.

Sr. Tarradellas's strategy up to now has been to delay transfer of those powers which have already been devolved, in order to keep them out of the hands of the Generalitat's counsellors or "Ministers," in particular those who belong to the Socialist and Communist parties.

The provincial governments or Diputaciones for example, should last year have come under the Generalitat, instead of which they remain in the hands of officials appointed under Franco. A Communist aide to the Generalitat's health Consellor was summarily dismissed last year hours after an article appeared in which he sought to prove by legal argument that the Diputaciones came under Catalan jurisdiction.

If the CDC moved into parliamentary alliance with the Government, Sr. Pujol could plausibly claim the credit for winning autonomy for the region, and the prospects of Sr. Tarradellas building up a base from which to take on the Left at a time of his own choosing would be severely reduced.

Whatever decision Sr. Suarez arrives at is likely to have a major impact on both Catalonia and Spain as a whole over the next few years. The Government's recall of Sr. Tarradellas to head the re-established Generalitat shortly after the June 1977 elections was primarily a ploy to counter the Left, which had won an impressive victory in Catalonia. But the process of Catalon autonomy is nevertheless regarded as a model for devolution elsewhere in Spain.

If this process is left to go sour then the chances of meeting the aspirations of the other regions and national minorities are minimal. The one major trend to emerge from the last elections was the growth of radical nationalism on Spain's periphery.

Not only did radical nationalists linked to both wings of the ETA guerrilla movement win five seats in the Basque country, but a grouping calling for self-determination came third in the Canary Islands. Also, the more moderate but firmly regionalist Partido Socialista de Andalucia (PSA) won five and possibly six seats in Andalucia, and independence-minded nationalists made appreciable advances in both Catalonia and Galicia.

Some observers in Barcelona insist that the embryo for a Catalan ETA-type organisation already exists. The rise of unexplained political violence in the region has become notorious. Barcelona police this week claimed that an ultra-left splinter group—which has already been accused of a bomb attack two weeks ago in Spain's north African enclave of Ceuta —had planned an attempt on the Prime Minister's life during the Press conference Sr. Suarez gave on his February 24 campaign visit to Barcelona.

The Government's reaction to this is not yet clear. At the beginning of this week, the UCD leaked to the Press that the draft statutes of autonomy for both Catalonia and the Basque country, which were on the agenda of the last Parliament, may for technical reasons be sent back for re-drafting.

Even more provocatively, there is a strong possibility that Sr. Rodolfo Martin Villa, the hard-line Interior Minister who is particularly hated in the Basque country and Catalonia, may be made Minister for the Regions in the next cabinet. Both these developments, if true, would strengthen the hand of the radicals along Spain's nationalist spectrum, irredeemably in the case of the Basque country.

Mindful of this, Sr. Pujol's CDC has been holding talks with its counterpart in the Basque country, the Christian Democratic Partido Nacionalista Vasco (PNV), and with the PSA in Andalucia, with a view to forming a moderate nationalist bloc in Congress.

With some 23 deputies in the lower house, they would be in a position to force the issue of autonomy, in return for critical support to the Government on the economy and wider political issues.

Employers' investment threat 'blackmail'

BY OUR BARCELONA CORRESPONDENT

THE CATALAN employers' federation, SEFES, which represents employers from the Baix Llobregat, the region's most important industrial area, yesterday warned that it would channel investment toward those towns where the Left-wing parties do worst in the municipal elections on April 3.

The move has been widely interpreted as a clear attempt to influence the outcome of these elections, the first to take place in Spain's local government authorities for 48 years.

The SEFES communique calls only for a vote for "non-Marxist parties," before going on to say that "more jobs will be created in the towns where Marxist influence is weakest."

Since the Baix Llobregat area voted overwhelmingly for the Catalan Socialist and Communist parties in the general elections of this month and June 1977, left-wing leaders here regard the statement as little short of blackmail.

Two Palestinians killed in clash with Israeli troops

BY DAVID LENNON IN TEL AVIV

TWO PALESTINIANS were killed an another injured when Israeli troops fired on demonstrators in the West Bank town of Halhul yesterday. The Palestinians were protesting against the proposed Israel-Egypt peace treaty.

It was the worst incident during a week of protests on the occupied West Bank, and followed complaints by town council members that they had been detained for eight hours during the night in the office of the Israeli military governor.

The shooting occurred when Israeli soldiers and civilians were stoned by demonstrators blocking the main Jerusalem-Hebron road which passes through Halhul, an army spokesman said. A curfew was imposed on the town.

The two who died, a girl student aged 17, and a man, 21, were the first to be killed in the present spate of riots, though four students were wounded during a clash with soldiers earlier in the week.

In other West Bank towns and in East Jerusalem, Israeli forces used tear gas and fired in the air to break up demonstrations.

The protests appeared to have spread to nearly every town on the West Bank, with roads blocked by stones and burning tyres. Many schools have been closed

The Israeli military Government was also having trouble with militant Jewish settlers. They refused to hand over their weapons or name members of their group who went on a vigilante rampage through the town of Ramallah earlier in the week, shooting at and beating up Arab residents.

Hopes of the West Bank Palestinians that they could win court protection against seizure of their lands for Jewish settlements were dashed by the High Court in Jerusalem

Palestinian farmers from Bethel and Toubas argued that their land had been taken for civilian settlements. This, they said, was an illegal act under the international convention regarding occupied territories.

But in a precedent-setting decision, the bench ruled that the Jewish settlements served a military purpose, and therefore it was legitimate to expropriate privately-owned land.

The decision was welcomed by Mr. Ariel Sharon, Minister in charge of settlements. He told Israelis at the new settlement of Beit El that they could now start expanding their village.

Mr. Moshe Dayan, Foreign Minister, told the Diplomatic Corps yesterday that the Government could not say at this stage what precise form autonomy on hte West Bank and Gaza Strip would take.

The form of self-rule for the Palestinians would only finally emerge when discussions on the subject with Egypt were concluded one year after the bilateral treaty is signed.

Egypt had agreed that a protocol be attached to the peace treaty stating that Israel has the same right to buy oil from Egypt as any other customer. Mr. Dayan confirmed that the U.S. had promised to supply Israel's oil needs for 15 years, if required.

The U.S. had also undertaken to guarantee the Egypt-Israel peace treaty, but this did not mean a defence or military pact.

However, Israel did agree to evacuate El Arish on the Mediterranean coast of Sinai before the end of the nine months allotted for Israeli withdrawal to an interim line

In return, Egypt had agreed to exchange ambassadors within ten months.

The exact timing of the return of El Arish to Egypt, believed likely within two to four months after the treaty is signed, will be worked out in Washington during the weekend meeting between Mr. Ezer Weizman, Defence Minister, and his Egyptian counterpart, Gen. Kamel Hassan Ali, Mr. Dayan disclosed.

Mr. Menahem Begin, Israeli Prime Minister, whose health had caused concern after recurrence of a heart ailment last year, has been confined to bed. His doctors say he is suffering from influenza.

Ties off as Japan tries to save energy

By Richard Hanson in Tokyo

OFFICE temperatures will rise and businessmen are being asked to remove ties and jackets this summer as part of the Government's voluntary energy-saving programme. The measures are aimed at meeting a 5 per cent reduction agreed on in Paris by members of the International Energy Agency (IEA) this month.

Male office workers are being encouraged not to wear jackets and ties. Most businessmen in Tokyo keep ties on and top buttons done up during even the hottest days.

Under the package, which will be given Cabinet approval today, Japan's oil consumption of 64bn gallons during the year beginning April 1 will be reduced by 5.2 per cent (3bn gallons).

This will be achieved by lowering heating temperatures during the winter and reducing summer use of air conditioners, by less use of cars, and by switching from oil to other fuels in industry. An earlier programme announced in January had envisaged a cut of 2.8 per cent next year.

The measures are designed to voluntarily reduce private energy consumption, with the smallest reductions expected by industry.

The measures include:

Lowering the winter heating temperatures in offices to a maximum of 19 degrees C.

Raising the minimum temperaturs for air conditioned offices in the summer to 28 degrees C.

Voluntary reductions in the use of private cars.

Changing from oil to nuclear power, coal and other fuels by the generating companies and asking industry generally to change to other fuels.

The Government will also encourage a shortening of television broadcast times, earlier closing of entertainment establishments and holiday closures of petrol stations. There has been discussion of introducing daylight saving time, but no decision has been made.

Peace could bring 80% inflation

BY L. DANIEL IN TEL AVIV

THE ISRAEL treasury has begun to study measures, including new taxes, to counter the inflationary effects of a peace treaty. The increase in construction which would follow the signing of a treaty with Egypt threatens to spur inflation, which is already running at 50 per cent.

Israel has asked for, and the U.S. is apparently ready to provide, a one-time grant close to $4bn to finance the withdrawal from Sinai, the construction of new airfields in the Negev, the building of naw camps, and provision of the necessary infrastructure. However, the total cost over the next five years is thought to come to $10bn. That means a cut-back in other government projects and, probably, additional direct financing.

With inflation so high and labour so scarce that over 100,000 Arabs from Gaza and the West Bank are employed in the Israeli economy, the construction and the resulting inflow of additional funds will accelerate inflation to 80 per cent unless counter-measures are taken. The inflation and the demand for workers already pose a serious threat to the growth of exports which have in many cases become less profitable than home market sales.

Bazargan tries to reassert his authority

BY ANTHONY McDERMOTT IN TEHRAN

DR. MEHDI BAZARGAN, the Prime Minister appointed by Ayatollah Khomeini to head Iran's provisional revolutionary government, has made a desperate attempt to reassert his authority.

In a long TV address, Dr. Bazargan accused his critics—by implication including Khomeini himself—of undermining his ability to rule the country. He also described the series of summary trials which have resulted in the execution of more than 60 people as "a disgrace."

Dr. Bazargan described Khomeini as "sensitive, kind, and good-hearted," but went on: "People tell him something and the Government is ordered to stop the sale of frozen meat or to help the down-trodden with their water, electricity, and bus trouble."

He dismissed the Ayatollah's prescription as impracticable. "If you want us to do anything, it is better that you consult us first, then issue the orders."

Dr. Bazargan also criticised businesses that had over-estimated demand and in consequence had incurred high losses. He cited the oil sector which has lost $7.5bn, customs officials ($1.4bn), and the tobacco monopoly ($300m).

The Prime Minister took issue with workers who had caused substantial losses to the country. Factory workers were asking for higher salaries knowing quite well that most public-sector establishments were facing grave financial problems.

Struggle for supremacy in Iran

A clash is developing in Iran between those who believe it has become a modern state and those who think the economy can be run on strictly Islamic lines. ANTHONY McDERMOTT reports from Tehran.

BY THE time the referendum on Iran's future, planned for the end of this month, takes place, nearly every political voice in the country will have had its say.

It has been a mud-slinging and muddled period since the revolution on February 11. The dominant voice has been that of Ayatollah Khomeini from Qom, urging people towards an Islamic republic with puritan zeal.

A section of the nation's women have been having a shrill say in the streets and on the campus of Tehran University, complaining against those Islamic precepts which appear to reduce their civil rights and which, with the symbolic wearing of the chador make certain modes of dress and behaviour compulsory.

The ethnic minority groups, such as the Kurds, the Baluchis, the Turkomans, have been putting in their claims for greater acknowledgment of their special characteristics and for more self-rule.

The Left, mainly through the Marxist, Fedayeen-e-Khalq and the radical Mujahedin-e-Khalq guerrilla groups, but also through a welter of conflicting sub-groups, have tried to assert their radical principles, often in violent terms.

In this nationalist era, the former standard-bearer of the Left, the Tudeh Communist Party, has prospered only slightly.

The National Front, the traditional party of opposition to the Shah, has gradually lost cohesion, spawning perhaps the most interesting new movement of the National Democratic Front, headed by Mr. Hedayatollah Matin-Dafatari, a lawyer and grandson of Dr. Mohammed Mossadegh, the nationalist Prime Minister of the early 1950s.

This movement, with its firm base among intellectuals and in the middle-class, reflects a more secular approach to Iran's future constitution and has gathered considerable strength.

After years of sterile political experiment under the Shah, it is hardly surprising that the present should be a period of confusion and contradiction. The circumstances have been made the more chaotic because of the way the country has been run through a double Government. From Qom, Khomeini has been issuing statements which were often impracticable, offensive to part of the population, or damaging to the Government.

Dr. Mehdi Bazargan's Cabinet, composed mainly of fellow members of the Liberation Movement of Iran, the party closest to Khomeini, has proved almost powerless, as a shattered bureaucracy attempts to formulate coherent policies in key areas of the economy.

Dr. Bazargan's position, without the support of an army, police or security force, has been undermined by decisions taken in Qom, or by the arbitrary actions of the thousands of revolutionary committees which have sprung up everywhere.

It has been announced that the revolutionary committees will be dissolved gradually and their areas of control will be brought directly under the Government.

This Government's weakness has been further exacerbated by some diminution of Khomeini's authority. In some ways his role is similar to that of the Shah in the past: not to involve himself in the daily details of running a government, but to keep his visionary eye on the distant horizon.

Inevitably, however, he has been drawn into detail, and even on broader issues has frequently issued statements from which he has had to backtrack. More moderate clarifications have come from Ayatollah Taleghani, a widely respected religious leader based in Tehran, who is able to transcend ideological divisions.

Within the splits can be discerned two major trends. It has been argued that what is being witnessed in Iran is a counter-revolution, which is returning Iran to its more normal political and national characteristics.

But the Pahlevi era has not been without its effects, notably through Westernisation and economic modernisation. Thus there is developing a clash between the Islamicists and the modernists.

Related to this is growing tension between Left and Right. The great risk is that as Khomeini moves confidently towards establishing the Islamic republic, the forces on the Left, notably the Mujahedin and the Fedayin, who have hitherto backed away from confrontation, may feel that a final opportunity to have a say in government will slip away.

Their resort inevitably will be to guns in the streets. They may not win; for Khomeini's Revolutionary Guards and other supporters have considerable firepower. But it means that Iran would be faced not just by civil war but by the beginnings of disintegration.

Perhaps the least difficult areas to forecast are in foreign affairs and the economy by withdrawing from CENTO, by casting aside the grandiose regional military role assumed by the Shah, and by coming out in support of the Arabs and Palestinians, Iran has shown that it will be far more part of the Third World.

By cutting back on oil production and reducing the scale and speed of development to more easily absorbable levels, Iran will have slower growth but a less socially divisive way of life. However, these two sectors, particularly the economy, depend ultimately on how the political scene develops.

The odds are on Khomeini emerging as the dominant political force. But there is still much more sorting out to be done, possibly a bloody sorting out, before the issue is decided.

Vietnam leaders prepare for long war with China

BY RICHARD NATIONS IN BANGKOK

HANOI has returned to a war-time footing, organising air defence and military training, evacuating young and old, and mobilising the rest of the population to dig trenches, Radio Hanoi said yesterday.

Everywhere, the mood was calm and confident. "In Hanoi Polytechnic, each class is a company, every department a battalion, and the whole school a regiment ready to go wherever the General Staff orders it."

Every family in Hanoi had reorganised its life in keeping with war conditions. Factories had thrown up defence against aircraft and artillery.

The Vietnam News Agency yesterday released an interview with Gen. Van Tien Dung, Vietnamese Chief of General Staff, in which he called China's attack on Vietnam "part of an aggressive war prepared long ago in accordance with their fundamental plan of weakening Vietnam and eventually annexing it.

"The Chinese plot to whittle down Vietnam's military forces and weaken its national defence potential, disrupt the economy and the peaceful socialist construction of the Vietnamese people," Gen. Dung claimed.

Observers here view his comments, together with descriptions of Hanoi's move to a war footing, as further steps by the Vietnamese leadership to prepare their people for a protracted confrontation with the Chinese.

The Chinese army is continuing to pull back units in its overall withdrawal but is expected to occupy narrow strips of commanding terrain along the border which will remain sharp points of dispute between the two countries.

AP adds: Vietnam yesterday accused China of moving border markers deep inside Vietnamese territory, in order to alter the historic frontier line.

The party newspaper Nhan Dan repeated earlier calls on China to come to the negotiating table once all Chinese troops had withdrawn, and urged Peking to prove its sincerity "right now—by deeds, not by words."

Analysts in Bangkok confirm that in some areas, Vietnamese troops who are trailing the Chinese have staged harassing attacks. But one diplomat said these were apparently not serious enough to warrant major Chinese counter-thrusts.

Warning to Pakistan on aid for rebels

By Chris Sherwell in Islamabad

A LEFT-WING leader from Pakistan's strategic province of Baluchistan has spoken of the dangers to the region's stability if the military Government continues to tolerate the presence in Pakistan of Afghan Moslem rebel groups.

Mr. Ghaus Baksh Bizenjo, a former Governor of Baluchistan, said relations between Afghanistan and Pakistan were delicately balanced. The maintenance of good ties was vital, especially as people in both countries had common ethnic, historical and cultural ties.

He said he had asked the authorities not to encourage the Afghan rebels, whom he referred to as "reactionary outcasts and runaways." He said they would create confusion and unrest.

£2m help for Amin

The Islamic Development Bank, which has just ended its third annual meeting in Kampala, has voted £2m to assist the Uganda Government, John Worrall reports from Nairobi.

Meanwhile there is no confirmation of exile reports of a major battle between Amin forces and dissident invaders.

Ceasefire fails in Yemen

BY MICHAEL TINGAY IN TAIZ

THE CEASEFIRE between North and South Yemen has still not taken effect although troops of the Yemen Arab Republic (North Yemen) have steadfastly obeyed orders not to return fire.

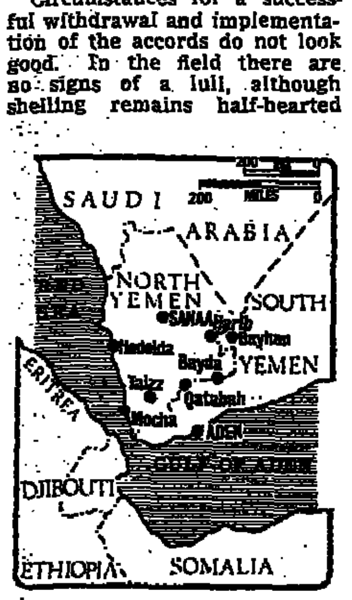
The occasional round of heavy guns of the people's democratic Republic of the Yemen (South Yemen) could just be heard from Taiz, 15 miles from the nearest border over a range of high mountains.

Journalists visiting the valley leading to occupied Qataba, witnessed artillery and mortar fire. South Yemeni tanks were making a minor advance as the Southern forces used shells to try to prevent Northern forces from repairing the tracks of two disabled light Soviet tanks.

This contradicted the news brought from Aden by Mr. Abdel Halim Khaddam, the Syrian Foreign Minister, who had been assured by South Yemeni representatives that its troops were withdrawing. It followed the meeting of seven Arab Foreign ministers or representatives in Sanaa and Aden, who hammered out undertakings which included creation of a demilitarised zone on the border; resumption of air links between Sanaa and Aden; talks in Kuwait between North and South Yemeni presidents, and the opening of the borders in the near future.

Withdrawal of South Yemeni forces is now due to take place today with complete disengagement along a demilitarised zone six miles deep on each side of the border. Aden has also agreed to pull back its heavy artillery, which is not unreasonably believed to be manned by foreign allies of PDRY, to 11 miles from the border, although the range of its big guns is believed to be 15 miles.

Circumstances for a successful withdrawal and implementation of the accords do not look good. In the field there are no signs of a lull, although shelling remains half-hearted since the mountainous terrain provides total protection for YAR forces. The total of 70 ceasefire observers from the Arab League—35 for each side of the border—is quite inadequate. Hundreds of military observers would be needed to patrol an effective ceasefire from the Straits of Bab el Mandab to Harib, the furthest point of Adeni encroachment.



Attention is now turning to the imminent arrival of a squadron of 12 American F5E aircraft which are due under the accelerated Phase 2 of the YAR's military purchases from the U.S. Sanaa is expecting several score of American advisers

Confidants of President Ali Abdullah Saleh said that Yemeni pilots were already training in Saudi Arabia and in the U.S. Moreover, about half a dozen pilots had already received training in Saudi Arabia last year, according to a YAR military source.

The arrival of the aircraft has been given more attention than the rest of the $370m foreign military sales package which is paid for by Saudi Arabia. Sanaa will also be receiving M60 tanks and Tow Anti-tank missiles.

Washington's announcement of the military package in so public a way, and the fact that the U.S. has evidently decided that North Yemen is the place where a strategic stand will be taken against the Soviet Union's expansion of power and influence, has angered the Yemenis.

Senior officials have said publicly and privately that the whole matter could have been dealt with more discreetly and with greater consultation with North Yemen. It is widely felt that Washington is more interested in its own interests than in defending North Yemen. The president and high officials have spoken out against Yemeni matters becoming subject to the desires of international powers.

rish envoy ıttacks sympathy or IRA'

David Buchan in Washington

IR. SEAN DONLON, Irish ıbassador to the U.S., criti-
ed certain Congressmen
terday for lending a sym-
hetic ear to IRA views.
ut he said the amount of
s and money reaching the
from the U.S. had dimin-
ed in recent years.
he Ambassador singled out
particular criticism Re-
sentative Mario Biaggi,
irman of the informal 122-
nber Irish caucus in the
ıse of Representatives,
is sponsoring a "Peace
um" on Ulster here in
r.
he forum, the Ambassador
l, had no official standing,
all political parties north
south of the Border in
and, and even the IRA
refused to attend.
taff members of Mr.
ggi, whom the Ambassador
ged was linked with the
h National Caucus, a
shington - based lobby
up sympathetic to the IRA,
l later that invitations to
forum, which is due to be
d on Capitol Hill from May
were being issued next
ek.
rominent politicians of
h ancestry, such as Sena-
: Edward Kennedy and
iel Moynihan, and Mr.
omas O'Neill, speaker of
House, have dissociated
mselves from the Peace
um project—as has the
ter Administration.
he Irish Ambassador told
orters yesterday that the
nett Report, released in
don this week, was bound
have an impact on Irish-
erican opinion, and fits
to the classic pattern" of
Irish-Americans, often
ngly, have traditionally
ved the Ulster problem.
he conclusions of the Ben-
Inquiry, which found
in some cases, IRA sus-
ts showed signs of injury
t self-inflicted and sus-
ed in police custody,"
le it more difficult for the
lin Government to per-
le Irish-Americans to
e resolution of the Ulster
blem to peaceful and con-
tional means.
un-running from the U.S.
Ulster had now, the
bassador claimed, been
ight under "very tight
rol" by close co-operation
veen U.S., British and
ı security services.
he level of money reach-
the IRA from U.S. sources
been a serious problem in
-1975, but had since
inished somewhat.
.S. donations, mainly for
nanitarian aid to Northern
and, were now running at
ıt $200,000 a year—though
ie official figures filed
the U.S. Government
bably understated the real
ounts.

na 'homework'

. Treasury Secretary
hael Blumenthal said he
not believe China would
n be seeking membership
world financial institutions,
ıter reports from Washing-
. He told a House of
presentatives sub-com-
tee that China wanted to
its homework on exactly
v to develop its economy
t.

U.S. Government forecasts budget deficit of $33.4bn

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE CARTER Administration is now projecting that the current fiscal year's Budget deficit will be $33.4bn, $4.2bn less than the estimates contained in the January Budget.

For the 1980 fiscal year, which begins in October, the deficit is now estimated to be $28.4bn, compared with $29bn of the January Budget.

The reduction in the current year's deficit is accounted for by a :5.8bn jump in the level of receipts, partly offset by a $1.6bn increase in Federal outlays.

It is the individual tax payer who is bearing the brunt of the impact of higher income tax payments, reflecting the impact of inflation pushing individuals into higher tax brackets and the presently vigorous level of economic activity. Only small changes are seen for corporate tax payments.

On the expenditure side, the increases are principally in the defence and oil sectors, the cancellation of several large Iranian orders has shifted the burden to the Department of Defence to the tune of an extra $500m in fiscal 1979, and there will be an extra $200m in outlays for the foreign military sales trust fund as a result of Iran's action.

On the oil side, the disappointing result of the February continental shelf oil auction means the Government now estimates that it will receive $600m less in rents and royalties from offshore exploration and production than previously calculated.

The only other significant budgetary change reducing expenditures stems from the substantially lower than anticipated participation in the public works jobs programme.

Prime rate rise

FIRST Pennsylvania Bank announced yesterday that it had increased its prime lending rate to 11¾ per cent from 11½ per cent, effective immediately, Reuter reports from Philadelphia.

Kidnappers criticise British attitude

By Our Foreign Staff

LEFT-WING guerrillas in San Salvador hinted that they might soon free a kidnapped Japanese businessmen because his company was willing to negotiate his release, but said the attitude of the British Government made negotiations for the free of two British bankers difficult.

Armed Forces of National Resistance (FARN) guerrillas kidnapped the Japanese businessman last December, a week after they abducted British bankers Ian Massie and Michael Chatterton.

In London the Foreign Office refused to comment on the case. Its general policy has been to try to show that it does not yield to "terrorist tactics."

The attack on the British Government's attitude coincides with the release of a further report by three British MPs attacking the El Salvador Government's record of torture and denial of human rights.

The guerilla's communique said that Britain was indifferent to the fate of Mr. Massie and Mr. Chatterton, manager and assistant manager of the Bank of London and South America, a subsidiary of Lloyds Bank

The FARN said Britain's "intransigent and irresponsible attitude" made a negotiated settlemnt for the release of the two men difficult.

Doubt after Sohio decision

BY DAVID LASCELLES IN NEW YORK

SOHIO'S DECISION to abandon its $18bn project to pipe Alaskan oil from a Californian terminal to the central and eastern U.S. raises doubts about prospects for increasing Alaskan oil production. It also highlights the problems facing energy policy-makers.

Sohio's motives have been questioned and it is suggested that the company wanted an excuse to drop the scheme.

In its announcement on Tuesday, the company, now 52 per cent owned by British Petroleum, blamed its decision on fierce environmental opposition and bureaucratic delays which had held up the project for four years.

Officials in California claim that the last two major permits would have been issued by the end of the month. They also blame Sohio for dragging its feet at crucial stages of the approval process.

Sohio also attributed its decision to the fact that two disused gas pipelines which were to have been incorporated into the project might not be available because of changing gas supply patterns. El Paso, owner of the pipelines, says it has not withdrawn. It agrees with Sohio's claim that it might have more gas to pipe than previously expected, but it still has authority from the regulators to convert the pipelines to oil use.

Sohio has been accused of bluffing in an effort to speed up approval and push environmental objections aside. Many observers dismiss this argument for several reasons. Assuming that California did issue the permits this month, private litigation would still block the way, they say. As one observer put it: "There is nothing to stop a single individual filing a lawsuit which would delay it still further."

Sohio also has to measure the project's economic return. It has already lost about two years' use of the pipeline and, even if it received the go-ahead tomorrow, oil would not start flowing before the early 1980s.

Alaskan oil will probably last until early in the next century. But Sohio had to make assumptions about how much of this oil could be absorbed in California and how much would be left to pipe out. By the latter half of the next decade the surplus could be quite small. Local consumption is bound to rise and refineries are being built to process Alaskan oil in California.

The cost to Sohio of abandoning the project is about $50m, which represents its investment so far in land and engineering studies. The company will mark this sum down against first quarter earnings.

The major concern now is that absence of the pipeline will make it more difficult to increase production in Alaska because of the lack of readily accessible markets.

Senator Henry Jackson, chairman of the Senate Energy Committee, has reacted quickly to Sohio's move by ordering an investigation into the alternatives. These include a 1,500-mile pipeline in the North and a pipeline linking the northern U.S. with Canada.

The Administration favours a major West-East pipeline, not only because of Alaskan oil, but as a basic feature of the oil supply system. The Middle East is closer to the western coast and the emergence of Indonesia as a big supplier would provide further justification for the scheme.

ABANDONED: the Sohio pipeline project for Alaskan oil.

Alberta premier's landslide victory

By Victor Mackie in Ottawa

PETER LOUGHEED, premier of the oil-rich province of Alberta, has swept almost the entire province in Wednesday's election, winning his third consecutive term in office with an increased majority.

The final standings (with 1975 results in backets) are as follows: Progressive Cons.: 74 (69), Social Credit 4 (4), New Democratic Pary 1 (1), Independents 0 (1).

Premier Lougheed remains dedicated to national unity, but does not accept the view that all decisions should be made in central Canada.

Brazil violence

UNION LEADERS have appealed for calm following violent incidents between police and striking metalworkers in the Sao Paulo industrial belt, Reuter reports from Sao Paulo. The strike by 200,000 metalworkers demanding higher pay entered its third day bringing the motor industry in the area almost to a standstill. Unions have rejected a 63 per cent wage increase for lower-paid workers and are demanding 78 per cent.

Venezuela to settle oil taxes

By Kim Fuad in Caracas

THE NEW Venezeulan Government has assured foreign oil companies that long-pending tax claims against them totalling almost £400m will be settled without political fireworks.

Mr. Humberto Calderon Berti, the Energy Minister, said the controversy would be ended by the new Administration while some officials reported that "Venezuela will respect legal norms" in settling the claims inherited by President Luis Herrera Campins who took office last Monday.

The complex package of claims has strained relations between Venezuela and the companies whose properties were nationalised in 1976, but still buy about 65 per cent of Venezuelan oil and supply technical support for the State oil industry. The two-year sales contracts involve more than 1m barrels of crude

Settlement has also held up reimbursement of some £270m placed in a fund held by the Central Bank for Exxon, Shell and other companies to guarantee that Venezuela would receive oil industry equipment and installations in good working order. About £50m has been deducted from the fund for repairs and replacement of equipment.

The tax claims fall into two distinct categories: conventional claims on oil company tax returns dating as far back as 1968, and a £258m claim lodged in 1976 by the Comptroller of the Republic and based on a controversial legal interpretation of a 1970 income tax law reform.

Ministers invite Grenada to talks

Y TONY COZIER IN BRIDGETOWN

ISTERIAL representatives
1 five fellow Commonwealth
bbean nations—St. Lucia,
inica, Jamaica, Barbados
Guyana—made no decision
liplomatic recognition of the
Government of Grenada
wing a hurriedly summoned
ting here.
stead, they invited the new
ernment, brought to power
pre-dawn coup on Tuesday,
end a representative to meet
n "in an effort to facilitate
evaluation of the Grenada
tion on the basis of the
lications of the development
the Caribbean."
iplomats in Kingston,
aica, said yesterday that
expected Jamaica and
ana to announce recognition
the Grenada Government
, reports Canute James.
Ir. Maurice Bishop, the
ear-old lawyer who has been
lared Prime Minister of the
w revolutionary Government
Grenada," announced that a
h-ranking official would fly to
bados for the meeting.
Ir. Bishop himself has
ffirmed his Government's
mitment to Caribbean unity
l to "Caricom (the Caribbean
nomic Community) in parti-
ar." The coup appears to have
n achieved with remarkable
oothness and only one death
been reported, that of a
ice official who was shot while
isting the "revolutionary
ned forces."
Business is back to normal
oughout the 133-mile island
d the airport, closed for some
hours, has been reopened
ain. More than 200 British
lidaymakers are believed to
on the volcanic island but a
Foreign Office spokesman in
ndon said yesterday: "We don't think any Briton is in difficulties or at risk."

Mr. Bishop, previously Leader of the Opposition in the House of Assembly and head of the Left-wing New Jewel Movement, has also begun moves on the diplomatic front.

Two United States and Canadian consular representatives from Barbados arrived in St. George's by Barbades coast guard vessel on Wednesday to assess the situation, while Mr. Bishop has said he has been assured by Mr. Christopher Diggines, the British High Commissioner in Trinidad and Tobago, that Britain has no intention of becoming involved.

In addition, Mr. Kenrick Radix, a leading member of the New Jewel Movement, has arrived in New York to gather support at the United Nations, particularly among Third World nations.

At the end of the Barbados meeting yesterday, the Ministers said they hoped "free and fair elections would be held without delay" and offered help in organising them if it was requested.

They also cautioned against any justice intereference, affirming that "the affairs of Grenada were for the people of that territory to decide and accordingly there should be no interference." They note that the coup was "contrary to the traditional method of changing governments in the region."

"The Ministers also felt that the wider interests and unity of the area and Grenada required a return to constitutionality as soon as possible."

Trinidad and Tobago did not attend the meeting but gave no reason for its absence.

WORLD TRADE NEWS

JAPANESE TV EXPORTS

U.S. outcry over 'saga of deceit and delay'

BY JOHN WYLES IN NEW YORK

MR. JOHN J. NEVIN, who as chairman of Zenith Radio Corporation has been in the front line of the battle against the alleged dumping of Japanese television sets in the U.S., was "disappointed but not surprised" yesterday that Japanese importers appear to have won another partial victory in their long battle to fend off dumping duties.

The U.S. Treasury announced on Tuesday that importers may have to pay $46.3m on receivers imported into the U.S. from the beginning of 1972 until June 1973. But Mr. Nevin suspects, and sources in the U.S. Customs service confirm, that this total is likely to be revised downwards following a Customs review of information lodged in formal protests by the importers.

The Treasury offered a significant pointer when it disclosed that importers would be allowed to make the payments partly in cash and partly in promissory notes. Its review of the protests and final determination of the liability of each of the 38 importers concerned would be completed by August 1.

But the Treasury has made no decision about trying to collect the estimated $400m dumping penalties for the period between March 1973 and January 1977. This would be the largest assessment ever in a U.S. dumping case and domestic manufacturers fear that Japan has enough political clout to delay and quite possibly to have the penalties substantially reduced.

There has been no reaction in Congress yet to the Treasury's move this week over an issue which has generated considerable political heat from time to time because of the impact of Japanese imports on the domestic television industry. According to Zenith some 60,000 jobs have been lost because of Japanese competition between 1973 and 1977 and other producers' pre-tax profit margins pared during the period to a scant 0.4 per cent of sales.

But increasingly in the past two years Zenith has been taking its stand on the implications for American law and Government of what it believes to be a deliberate treasury decision not to implement the Anti Dumping Act of 1921.

The television dumping case is, says Zenith, an eight year saga of deceit and delay involving "false and fraudulent submissions by television importers" and evidence that the Treasury itself "has been as deceitful as the importers and as responsible as they are for long delays in the enforcement of the law."

While unwilling to concede the charges of deceit, Treasury officials now acknowledge privately that the matter should have been dealt with more speedily. The Tariff Commission's finding that American companies were suffering injury through dumping was issued as long ago as March 1971.

In the next 12 months the Treasury collected about $1m in dumping duties, but assessment was then stopped and not resumed until March 1978.

For nearly all of that period, however, the Treasury was by law required to assess duty based on the difference between the purchase price in the U.S. of the television sets and their "foreign market value" in Japan.

Although the Secretary of the Treasury, Mr. William Simon, signed a letter to the International Trade Commission in September, 1976, containing an assurance that dumping duties were being assessed, the evidence is that at that time no assessment had been made for four and a-half years.

The issue started to roll again in early 1977 when the U.S. Customs Service came to believe that the purchase prices on import documents for television receivers may have been less than accurate. In March last year, the service sent evidence to the Justice Department relating to possible illegal rebates and three Grand Juries are now considering the matter.

Pursuing the investigations, the Commissioner of Customs concluded that the foreign market value of Japanese sets could be gauged accurately from Japanese commodity tax reports. The commodity tax is based on the wholesale selling price of receivers and this approach was approved by the Treasury in mid-December as a basis for assessment.

But in March, 1978, the Japanese complained to the State Department about this method of establishing dumping duties and soon afterwards the Treasury decided to delay the assessment of all but the $46m of duties. According to Zenith this decision ignored the recommendation of the Commissioner of Customs.

Before this week's announcement the Treasury had three times postponed the due date of payment on the $46m assessment. Treasury sources insist there was nothing sinister about this and that the delay was due to the fact that importers were providing fresh information on pricing which needed careful evaluation.

This is continuing and examiners are expected to go to Japan to examine manufacturers pricing records within the next few months—a highly unusual move this late in the dumping proceedings.

EEC in Third World row over GATT safeguards

BY BRIJ KHINDARIA IN GENEVA

THE EEC is embroiled in an argument with developing countries over the GATT safeguard clause. This dispute could seriously undermine chances of an early completion to the Tokyo Round of multilateral trade negotiations.

At stake is the Community's right to take unilateral measures to slow down or halt imports from one or more countries without taking the same action against imports of the same products from all other sources.

The quarrel has occurred in negotiations here to replace the existing safeguards clause which the industrialised countries say has not worked effectively.

The main failing of the existing clause in the EEC's view, is that it must be invoked against imports from all sources. In addition it may be applied only in exceptional circumstances, for a very limited period, with advance notice, and after clear proof of injury to domestic producers of the products in question has been established.

Under pressure from some ailing industry groups in several member countries, such as Britain, the Benelux and France, the EEC's executive commission is arguing here that the safeguard clause should be revised to permit selective application against imports from specific countries.

The Community also wants the freedom to apply the curbs unilaterally before consultation with affected trading partners. It has also introduced criteria such as market penetration and market disruption which for many other nations, are not as stringent and clear-cut as the concept of injury to home markets.

The Commission's negotiators here seem to have overcome earlier differences with the U.S., but have run into stiff opposition from developing countries.

The Third World countries hardened their position on the safeguards code at their own conference held last month at Arusha in Tanzania. They now say quite firmly that the Community's proposals would effectively legalise protectionist measures without ensuring strict international surveillance or prior consultation.

This new commitment to group solidarity has undermined earlier hopes that the developing countries would in the end accept the Community's proposals. It had previously been argued that the developing countries would be split over the issue, isolating a handful of countries such as Singapore, South Korea, Hong Kong, Brazil and India who insist that they would not sign the code unless the Community softened its stand.

● Spain is expected to sign an agreement limiting steel exports to the Common Market in the next few days, Reuter reports from Brussels.

It is understood Spain has agreed to limit exports to 800,000 tonnes in 1979, a reduction of almost 100,000 tonnes on last year's quota.

Toyota's foreign sales rise

TOKYO—Toyota said yesterday its vehicle exports in February rose 5.6 per cent to 103,661 from 98,164 in January, but were down 15.6 per cent from 122,797 in February last year.

It exported 5,410 vehicles in February for assembly abroad, compared with 5,739 in January.

Meanwhile Nissan said its February exports fell 0.8 per cent to 78,248 from 78,887 in January, and fell 27 per cent from 107,259 in February last year.

Toyota said it exported 50,386 vehicles to the U.S., down 12.8 per cent from a year earlier, 6,073 to Saudi Arabia, down 46.5 per cent, 4,457 to West Germany, up 71.5 per cent and 3,600 to Britain, down 34.7 per cent.

Nissan exported 28,408 vehicles to the U.S., down 28.2 per cent from Febuary last year, 9,926 to Britain, down 36.6 per cent, 3,363 to Saudi Arabia, down 60.1 per cent and 3,336 to West Germany, up 83.2 per cent.

Toyota said its February output totalled 223,091 vehicles, up 10.5 per cent from 201,892 in January and up 2.2 per cent from 218,292 in February last year.

Nissan said its output rose 6.3 per cent to 177,332 from 166,845 in January and up 0.5 per cent from 176,450 a year earlier.
Reuter

S. Africa to export more steel

BY QUENTIN PEEL IN JOHANNESBURG

THE SOUTH AFRICAN Iron and Steel Industrial Corporation (ISCOR), is planning to export 1.8m tons of steel products in the 12 months to June 30, more than 12 per cent up on the previous level of 1.6m tons, in spite of the depressed world market.

In the face of increasingly protectionist policies in its traditional markets, the EEC and the U.S., the State-owned corporation is now exporting to 38 countries, according to an ISCOR spokesman. But the loss of its export market in Iran—ISCOR suspended shipments at the end of January—means that a further diversification is necessary.

South African primary steel exports virtually doubled between 1976 and 1977, from 1.1m to 2.1m tons, but last year's increase is expected to show only a marginal improvement, according to a recent survey of the industry by the Standard Bank.

The bank predicts, however, that South Africa will remain a net exporter of steel products, at least until the early 1980s, because of slack domestic demand.

The reason for South Africa's sudden expansion in the world steel market was that a major expansion programme at ISCOR came on stream just when the domestic market was deeply depressed. The only alternative was to export, which the corporation has proved very successful at doing.

South Africa actually expanded steel production between 1976 and 1977, when most major producers were cutting back.

ISCOR maintains that although it is not making a profit on its steel exports—"nobody is these days"—neither is it making a loss. Its exports for the current year are expected to earn some R300m ($354m).

HK discusses China power line

HONG KONG—China Light and Power confirmed it is holding discussions with the Chinese authorities on the supply of electric power from Hong Kong to China. But a company spokesman declined to comment on press reports that supplies to Shenzhen in Canton province would start at the beginning of next month.

In January it was reported that work had started on the installation of power lines to China with supplies to be started within three months.

Although initial supplies are small in relation to the province's substantial need for additional power to feed its growing industry, China Light is expected to significantly increase supplies when its new power station at Castle Peak comes on stream in the 1980s. China has already agreed to supply coal for the new plant.

Meanwhile the Hong Kong Communist Daily Ta Kung Pao reported a 150,000 kw power plant is to be built in Bao'an prefecture in Guangdong Province later this year, with a large part of the equipment provided by Hong Kong businessmen.
Reuter

ASEAN tariff cuts start

SINGAPORE — Preferential tariff cuts on 500 items, agreed by economic ministers of the Association of South East Asian Nations (ASEAN) last December, came into force yesterday.

This raises to 1,326 the number of items on which the ASEAN members—Indonesia, Malaysia, the Philippines, Singapore and Thailand—have exchanged import duty cuts under a preferential trade scheme agreed in 1977.

Included in the latest batch, made up of 100 preferential offers from each country, are a wide range of foods, household goods and basic industrial materials.

Reductions on existing duty rates will vary between 10 and 20 per cent.

Half the offers from the generally low-duty Singapore, and a third of those from Malaysia, take the form of binding undertakings not to impose tariffs on goods which already enter the two countries duty free.
Reuter

£10m line of credit for Soviet Union

THE Export Credits Guarantee Department has guaranteed a 10m line of credit which Morgan Grenfell, acting on its own behalf and for the Bank of Scotland and Moscow Narodny Bank, has made available to Vneshtorgbank, the Soviet bank for foreign trade.

The loan will help finance a wide range of UK capital goods and associated services contracts placed in the UK by Russian buyers.

Pipeline deal

A contract worth in excess of £50m to carry out the construction of the western section of the Trans Saudi Arabia pipeline, which is intended to carry crude oil from Abqaiq to the new industrial port of Yanbu on the Red Sea has been awarded to the joint-venture between Contracting and Trading of Beirut and Houston Contracting. Contracting and Trading of the Lebanon is the parent company of Mothercat, a British registered construction company.

Aid for Jordan

Britain has made a £10m loan to the Government of Jordan towards the cost of a £215m project to aid fertiliser production by recovering potash from the Dead Sea. The loan will be onlent to the Arab Potash Company and will help finance work to be carried out by the British Company George Wimpey Construction, which has won a contract worth more than £60m for civil construction work that includes building dykes and salt evaporation pans.

Drill pipes

Reynolds Metals will be supplying the Chinese Ministry of Petroleum with 43,000 ft of aluminum drill pipe and will also be supplying assistance on initial use of the pipe. The order is scheduled for delivery in May and June, and is of sufficient quantity for eight oil well drilling rigs.

Jet sales remain buoyant

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BOEING OF the U.S. expects the coming year to produce another high volume of new jet orders, closely matching last year's peak inflow.

Mr. E. H. (Tex) Boullion, president of the Boeing Commercial Airplane Company, said in Seattle that last year the company logged firm orders for 380 jets, worth $8bn (£4bn) and he believes that this year there will be new orders for about 370, also worth about $8bn.

In an interview with Aviation Daily, the U.S. aviation journal, he said that Boeing's production is virtually full for the next two years, and that airlines this year will be ordering jets for delivery in 1981 and beyond. Production will be raised to 28 jets a month by the end of this year.

He said he expects the highly successful twin-engined 737 and three-engined 727 to remain in production "at least through 1985, and that is as far ahead as we can see."

Meanwhile, McDonnell Douglas has just delivered its 900th DC-9 jet airliner, a record for twin-engined jet production. The company has booked firm orders for 1,005 aircraft, with options on another 35.

PIA leases NY hotel

BY OUR AEROSPACE CORRESPONDENT

PAKISTAN INTERNATIONAL AIRLINES (PIA) through its hotel subsidiary, has signed an agreement to lease the Roosevelt Hotel, New York, for 30 years, from this April 1, with the option to renew the lease for three successive terms.

The 1,076-room hotel will be operated by Mr. Stan Cox of the U.S., and Minhal, a hotel management company formed by PIA in conjunction with the French Novotel chain.

PIA is also planning other hotel projects, including one in Abu Dhabi, due to open in July, and another now under construction in Riyadh, Saudi Arabia. The airline is also negotiating for an hotel in Paris.

In the first half of the current financial year, the airline achieved a record operating surplus of $20.6m., 18 per cent more than in the same period last year. For the full year, to June 30, PIA expects to achieve its target profit of $30.4m on turnover of $405.2m.

● The Board of Swissair yesterday approved an investment of £203m. (SwFr 697m.) for purchase of 10 European A-310 Airbuses with an option on 10 more. The contract was signed in Paris with Airbus Industrie.

CHINA TOURISM

Peking lures hotel groups

BY JOHN ELLIOTT RECENTLY IN PEKING

LIFE IN Peking has eased somewhat for businessmen chasing contracts by the appearance on the sales counters of the Peking Hotel of bottles of Scotch whisky and cans of coca cola. By summer however when tourists pour into hotels that are at present mainly occupied by businessmen and foreign trade delegations, the need for such sustenance may well increase.

Hotel space in Peking and other Chinese centres is severely limited and is likely to remain so until a major hotel building programme aimed at providing 20,000 beds in 30 tourist hotels is completed.

Contractors currently chasing orders include Cementation International of the UK, part of the Trafalgar House group, which has just submitted a proposal to the Chinese Government for the construction and equipment of one, or possibly two, hotels for use by tourists from the West.

Cementation has built about 20 hotels around the world in recent years, frequently for the Hilton Group, and at present in Poland, Dubai and Bahrein. Its talks with the Chinese are still at an early stage and its managing director, Mr. Bill Francis, who was in Peking last week, does not yet know where in China the hotels might be located.
tion may make it easier for U.S. panies but there are no signs

Other major groups seeking contracts include Intercontinental, part of Pan American, and Hyatt International. Various Hong Kong developers have prepared their own proposals. But it is understood that Peking officials are insisting they have, as yet, signed no firm contracts with any major hotel groups.

Cementation's bid is being helped by the UK Export Credit Guarantee Department, but the precise cost of the hotels will depend on how much work the Chinese want to carry out themselves. Rough estimates of $1,000 (£500) a bedroom, which have appalled Chinese officials, could for example be brought down to something like $800 if China provided the building labour free. At this stage Cementation has been discussing hotels containing 500 to 1,000 beds.

China wants to develop tourism as fast as possible as a major earner of foreign currency. It is planning to build its new tourist hotels in Peking and Shanghai, plus other provincial capitals and tourist spots, as well as in the hometowns of overseas Chinese in the Guangdon, Fujian, and Zhejiang provinces.

There may be three types of tourist hotels—one for expatriot Chinese, one for Japanese, and one for the rest of the world. How much the quality, facilities, or freedom for the visitors will vary in the different categories remains to be seen. But such segregation may make iteasier for U.S. hotel groups to provide oases of the American style of life in China.

The construction of these hotels should ease the tourist season pressure on existing hotels where substantial numbers of bedrooms are turned into office suites by businessmen chasing orders.

The Chinese Government plans to build a general trade and office centre in Peking to accommodate foreign companies but there are on signs yet that this will be completed soon.

Britain 'in danger of losing ground on microelectronics'

3Y JOHN LLOYD

TAIN is in danger of falling ously behind its competitors ne use of microelectronics in luction, and in the manufac- of products incorporating roelectronic technology, Mr. Williams, Industry ister, warned yesterday.

is sharp criticisms of UK istry were made in the se of announcing a crash ramme of measures gned to increase awareness nicroelectronics among top strialists and trade nists. It is part of the £55m oprocessor Applications ect, announced last June.

e Minister said that "there serious signs that British stry has rather buried its in the sand. It isn't applythe new technology at the our competitors are."

e new generations of microessors were being upgraded y 12 months. "Unless induskeeps pace with the rate of ge, its products will not just osolescent, they will actually bsolete."

e awareness programme, h the Government is underig in association with PA ultants on a £500,000 con- had as its top priority to e industry a good shaking

e four main elements in the programme which will be coordinated by the consultants are:

● A "workshop" programme for 3,000 of the most senior managers fro mthe country's top 1,000 companies. Organised on a regional basis, between May and July this year, it will concentrate on the commercial and industrial implications of microelectronics.

● Collaboration with the TUC on promoting awarness among workers. The TUC wil launch its part of the programme with a consultative conference on May 3, where proposals for further education and information wil be reviewed.

● Joint visits by the TUC and CBI abroad, to examine the application of microprocessors to production and consumer goods in advanced companies.

● The establishment of a central microprocessor information centre at the Department of Industry.

Mr. Williams said that the number of training places for engineers had already been doubled, 200 feasibility studies had been approved, and 300 applications for projects involving microelectronics had been received.

£50m rail truck scheme

BY ROY HODSON

FINANCIAL institutions are interested in putting together a £50m package for a fleet of specialist British Rail trucks.

British Rail and the other interested parties, the British Steel Corporation and the British Scrap Federation, have formed a working party to investigate the proposition.

Rail wagons at present used for taking scrap to steelworks are reaching the end of their lives, and are being scrapped. The 4m-tonnes-a-year scrap steel transport business traditionally handled by the railways is in danger of being switched to the roads during the next five years unless a new fleet of trucks can be provided.

The working party will study tentative financial deals in the form of loans or leasing arrangements. Several institutions are understood to be quoting for the business, which would involve building a fleet of about 2,000 new wagons, each costing some £16,000.

The scrap merchants recently appealed to the Department of Industry for a solution to the scrap wagon replacement problem.

Neither the merchants nor British Steel or British Rail are willing to take responsibility for totally financing a new fleet. But a co-operative venture using private sector finance is thought to stand a good chance of receiving Government grants.

● *Transport difficulties continued to affect British Steel production in both private and public sectors during February. The aftermath of the haulage and rail strikes was still affecting steelmaking throughout the month. But steel output showed a 7.1 per cent improvement on February 1978, indicating some market recovery and the building up of stocks by industry.*

Call for bigger and easier home grants

By Paul Taylor

GOVERNMENT home improvement grants to private householders are failing to keep pace with inflation, and the procedure for obtaining them is too long and complex, said Mr. Bryan Jefferson, senior vice-president of the Royal Institute of British Architects yesterday.

Mr. Jefferson's criticisms of the grant system were made at the annual luncheon of the National Home Improvement Council held in London.

He said increased grants must be made available if there is to be "a significant response" to the challenge of housing decay in the private sector and he called on the building societies to take the leadership in the field.

However, Mr. Jefferson warned that after the long recession there was the danger that even a small increase in work-load could result in labour and material resources becoming over-stretched.

He welcomed steps towards a register of approved contractors to outlaw "cowboys" in the industry, who could do great harm to the industry's reputation.

'Peachey' credit changes proposed to Companies Bill

FINANCIAL TIMES REPORTER

THE GOVERNMENT is proposing to table what it terms a series of "Peachey" amendments to the Companies Bill, which is now in the committee stage. Announcing this, Mr. Robert Maclennan, Parliamentary Under-Secretary for Prices and Consumer Protection, said the move had been prompted by the result of the Department of Trade report into the affairs of Peachey Property Corporation published last year.

The report found that Sir Eric Miller, Peachey chairman, had used Peachey rather as he would a private bank. Mr. Maclennan said that this would have been a criminal offence had Sir Eric taken loans from Peachey, but instead he had in effect used Peachey's credit, and this was not illegal.

More time would be needed to get the provisions right. But "it was proposed to add to the provisions governing loans to directors, clauses 49 to 51 in the Bill, a new set of similar provisions dealing with credit transactions between a director and the company of which he is a director or any of its subsidiaries.

"We have put down a number of amendments in anticiption of new clauses which will define credit transactions and the nature of controls which will be exercised over such transactions," Mr. Maclennan said.

"It is intended that the term 'credit transaction' will include all transactions involving the sale of goods or services on credit or on an instalment or deferred credit basis, including hire purchase and the use of credit cards. It will also include the practice, highlighted in the Peachey report, in which the company makes payments for goods and services which are not bona fide for the purposes of the company but from which a director benefits personally and in respect of which he is liable subsequently to reimburse the company."

£50,000 limit

It is thought likely that the Government will apply a £50,000 limit which will be an aggregate of all loan and credit transaction balances. Disclosure of such aggregate balances is understood to be a requirement over £5,000.

During the committee proceedings yesterday the Conservatives lost an amendment whereby directors of recognised banks would be exempt from the new Companies Bill in relation to directors' loans. That amendment also gave control over banking directors' loans to the Bank of England rather than the Department of Trade and the courts.

In another lost amendment, which had been tied after a division, the Opposition sought to show that preferential treatment for employees rather than directors of a company would produce an anomaly. Three Conservative MPs, Mr. Peter Brooke, Westminster South, Mr. Tim Renton, Mid Sussex, and Mr. John Cope, Gloucestershire South, had tried to show that it might be possible for a senior official to join a company to obtain a substantial company loan and then join the board only after that loan had been granted. Mr. Ian Mikardo, Labour MP for Tower Hamlets, Bethnal Green and Bow, in a rare alliance with his Conservative opponents, declined to vote at the division.

A further Conservative amendment that the total aggregate value of loans available to directors, proposed at £50,000 in the Bill, should be increased by any rise in the retail price index, was also lost, but Mr. Maclennan felt it right that the monetary limits of such aggregate loans should be raised, or changed, by the Minister concerned.

3ritish Aerospace)rofitable again

Y MICHAEL DONNE, AEROSPACE CORRESPONDENT

TISH AEROSPACE, the nalised aircraft manufac-, earned a profit again last according to Lord Beswick, man. In 1977 the corporas trading profit was £65m, 29m after tax.

told a meeting of the Royal nautical Society in Bristol British Aerospace aimed to n making profits. "We shall nterest on loans and a divion capital we borrow. We show for last year a very ctable return on assets oyed."

ticising the recent Treasury nent which had suggested some aerospace ventures d lose money, Lord Beswick "It does not come well a *Government department*, dept at this increasingly ous practice of putting up ost of money, to criticise a -making public enterprise.

t seems especially misous to talk of losses on a ect after three or four years lopment, when we know a modern commercial airis unlikely to break-even even to 10 years but can expected to be showing comfortable profits for 10 years after that.

"The real question before British Aerospace and indeed before Britain is not a short-term one of finding jobs but a long-term one of building a secure base on which we can earn a living.

"The decisions we have taken on new commercial aircraft were approved by the Government of the day. After such approval, I find it almost impossible to comprehend that a responsible department of the same Government should be making criticisms of those same projects only a matter of months after the go-ahead was given.

"We plan to get a properly balanced programme across the military and commercial markets. We shall need to invest some large sums of new money, about a half of which we plan to generate ourselves. We accept that to make the most of our opportunities we have constantly to improve our productivity, and a renewed call to this end, with the work-load before us, is not only justified but is essential."

;oncorde consultant or British Caledonian

TISH CALEDONIAN, the independent airline, has inted Mr. Gordon Davidson, er Concorde director for sh Airways, as its own orde consultant from l 1.

itish Caledonian has asked Government for approval to over at least one of the unsold UK-built Concordes use on the airline's own ork.

e precise routes are not yet mined, but could include to Atlanta, Georgia, or to ria or other places in a.

. Davison was appointed sh Airways' Concorde direcn 1974, but left last year.

. Adam Thomson, chairof British Caledonian, said erday that his airline's al proposals for Concorde been rejected by the Govnent, but further proposals being prepared.

We are progressing satisorily with plans for a Cone operation."

hoped for an agreement

The possibility of a Cone operation is a very serious ect for British Caledonian with the circumstances now ounding the aircraft, we are ident that the outcome will uccessful," he said.

e Government recently ed on a refinancing plan for the five Concordes owned by British Airways, whereby the £160m purchase price was written off.

This left two Concordes unsold on the UK assembly line, one of which has flown and is grounded at Filton, near Bristol, while the other flies this spring.

British Caledonian has shown interest in at least one aircraft, but it is understood that if its plans do not materialise, the two *unsold aircraft may be allocated* to British Airways.

Joint Belfast venture to create 100 jobs

A JOINT venture has been agreed in Ulster between the Northern Ireland Development Agency, a U.S. company and a local engineering company which will mean more than 100 new jobs.

The agency and Clabir Corporation of Connecticut will jointly inject new equity into Everton Engineering, an Ulster company acquired six years ago by Wharton Engineers of Elstree.

Everton is involved in heavy fabrication, mainly as a subcontractor on equipment for power generation.

Iistoric Chelsea college o be auctioned this year

3Y CHRISTINE MOIR

E FORMER teachers' traincollege of St. Mark and St. n in Chelsea, London, is to under the hammer later this .

he auctioneers, Knight nk and Rutley, expect offers more than £1.5m for the en-acre complex which once ned part of Sir Thomas e's estate.

he college also has historical ociations with Samuel Taylor eridge—his son was the first ncipal—and with Lord milton, husband of Emma. was secretary to Lord Elgin l installed plaster casts of the in Marbles in the principal's ise.

The house itself was originally built for the fifth Earl of Derby in the 16th century.

Four of the buildings, including the Coleridge Building, the principal's house, the chapel and the octagonal library, are the subject of preservation orders.

A further restriction applies to the walled gardens behind the Kings Road: the planners want that kept as open space.

Interest is expected to come from educational or other institutions, as the site is zoned Class 12, for school use.

Only the 99-year leasehold will be available. The freehold is to be retained by the GLC which bought it in the early 1970s as part of the land acquisition scheme for the now abandoned West Cross road network.

Shipper sells a second vessel

BY LYNTON McLAIN

THE GRAIG Shipping Company of Cardiff has sold its second vessel in less than a year and again has refused to take delivery of a new bulk carrier from a Japanese yard because of technical problems.

The company, quoted on the London Stock Exchange, has had difficulties in meeting capital loan repayments on new ship purchases for the last year and has been caught by the rise in the value of the Japanese yen.

Graig Shipping said yesterday that it had been forced to sell the 11-year-old, 31,600 dwt Graigffion to provide the extra funds needed to the end of the year. The ship was sold to the Global Shipping Company of South Korea for almost £2m. It had a book value at the time of sale of more than £524,000.

Smoke fault

But the company made a pretax loss of £778,330 for the half year to September 30 1978 in spite of the sale of the Graigaur, 26,500 dwt bulk carrier in the summer. Provision was made for a loss of almost £621,000 on this sale.

A third vessel, the Graigwyd, sister ship to the Graigwen, has been completed at a Japanese shipyard but Graig Shipping will not accept the vessel until problems of smoke emission from the engines are solved.

The general council of British Shipping said last night that British shipowners had sold more than 150 ships last year, which represented 8 to 9 per cent of the British registered fleet. The council said shipping companies were waiting for an improvement in the freight market which would come with a sustained growth in world trade.

● Mr. Philip Loree, chairman of the Federation of American Controlled Shipping urged delegates at the World Shipping Conference in Bath last night to defend the free market in shipping and to reject UNCTAD plans for a balanced share of world trade between the developed and developing nations.

State shipyards 'lose three hours work a day'

BY LYNTON McLAIN

EACH British Shipbuilders shipyard loses an average of more than three hours production time a day through late starts, early finishes, waiting time and other factors.

The figures are given in the latest issue of Shipbuilding News, the State-owned corporation's house journal, by Mr. John Parker, the British Shipbuilders board member for shipbuilding.

Mr. Neville Trotter, Conservative MP for Tynemouth and vice-chairman of the Opposition shipping and shipbuilding group, said the figures were an indictment of the lack of productivity in State-owned yards. "They were appalling and astonishing."

Mr. Trotter tabled two questions in the Commons yesterday. He called on Mr. Eric Varley, Industry Secretary, for his comments on the shortfall in production time, and asked what might be hidden in the British Shipbuilders' Corporate Plan to tackle the problem.

The greatest loss of production time comes from workers' late starts and early finishes. These account for 47 minutes out of the 185 minutes lost on each eight-hour shift.

The next greatest element is the "idle time within workforce control," which accounts for 31 wasted minutes.

It takes each worker 26 minutes to reach his work station from his normal base, and there is 21 minutes waiting time on the job.

Morning and afternoon breaks account for 23 lost minutes, bad weather takes up an average of 17 minutes, and the correction of errors takes 13 minutes. Other factors, not named by British Shipbuilders, take eight minutes off the daily production timetable.

Mr. Parker said he wanted the article in the journal with these figures to "stimulate discussion at all levels in the industry."

The average production performance of each man in British Shipbuilders' yards is only half that of Japanese yards and some in Europe. Mr. Parker wants every employee in each company to seek ways of contributing towards making the companies as efficient as others in the world.

UK chemical investment 'rising'

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE UK chemical industry is expected to invest some £6.7bn in Britain during the next three years, the Chemical Industries Association said yesterday.

The association has carried out a survey among its members and predicts that total investment between 1978 and 1980 will beat all previous records—at constant prices—for UK chemical industry spending. But it expects fixed capital investment to start declining—in both real and cash terms—in 1981.

The survey found that during last year the chemical industry's fixed capital spending was £1.045bn—16 per cent up on 1977 in constant price terms and 27 per cent higher in cash terms. This sum represented 19 per cent of total spending by UK manufacturing industry during 1978.

It was also found that the rate of UK spending as a proportion of total chemical investment within the Common Market had "risen rapidly" and now stood at 25 per cent. This year it is expected to reach a level "considerably" higher than the UK chemical industry's present market share within the Common Market.

But the findings suggest that overcapacity in UK chemicals will continue and yesterday leaders of the Association said overcapacity would rise as the UK investment programme went ahead.

BP makes contingency plans

BY RHYS DAVID, NORTHERN CORRESPONDENT

BRITISH PETROLEUM expects to have adequate supplies for the UK market for the next few weeks but is making contingency plans for May and June in case of shortages resulting from reduced supplies from Iran, Mr. John Riddell-Webster, deputy managing director of BP Oil, said yesterday.

The problems in Iran are estimated to have taken about 10 per cent out of world production but the shortfall has been cut to 5 per cent by increased output from other countries.

BP itself is not taking on any new UK business and has warned customers that it is setting up a monitoring system to measure their offtake against last year. This is to ensure that if any sharing of supplies is necessary, it can be done on an equitable basis.

It confirmed that it has submitted an application for an across-the-board increase of 2½p to 3p per gallon in oil prices. Petrol prices could go up by 4p. Any Budget increase plus further OPEC rises could take petrol prices up to £1 a gallon before the year-end.

BP believes that overall demand in the UK for oil products in 1979 will decline by about 2 per cent over 1978—which recorded a similar rise over 1977.

The decline is forecast on the basis of the increased power station coal burned by the Central Electricity Generating Board, and of the expected effect of higher prices on demand.

Mr. Riddell-Webster, speaking in Manchester, said, even with price increases, petrol in Britain would still be the cheapest in Europe and increased prices were now needed to boost profitability so that the search for new energy sources could go on.

Barnett attacks U.S. tax clause

BY MICHAEL LAFFERTY

A STRONG attack on the unitary tax system operated by some states in the U.S. was launched by Mr. Joel Barnett, chief secretary of the Treasury, yesterday when the latest version of the double tax treaties between the U.S. and the UK was published.

The treaty as originally drafted would have banned the unitary system for UK companies operating in states such as California. But this was over-turned in the Senate.

Unitary taxation is based on the notion of taxing a proportion of a company's worldwide earnings, rather than its profits in a particular state. "The unitary basis is incompatible with the accepted principles recommended by the Organisation for Economic Co-operation and Development of which both our countries are members," Mr. Barnett said, adding that it was "only with the greatest reluctance" that the UK had accepted the amended treaty.

"Unless the same basic rules for computing taxable profits are generally followed by the main trading countries, we cannot achieve the essential objective of providing a consistent and coherent international tax framework for trade and investment." The unitary tax basis gave rise to a form of double taxation which often could not be relieved, or was relieved only by states which followed the generally accepted rule bearing an unfair burden of relief.

"The British Government had no doubt "both in principle and practice" that the normal arm's length basis of charge for non-resident enterprises was fairer and more certain than the unitary basis. "This is important, not only between our two countries, but also as a possible precedent for third countries."

The revised treaty must now be ratified by the U.S. Senate. Then it will go before the House of Commons for approval.

Manufacturers demand 5% food price rise

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A 5 PER CENT increase in food prices and an end to the supermarket price war was called for yesterday by food manufacturers.

Mr. Derrick Hornby, president of the Food Manufacturers Federation, told delegates at the federation's annual conference in London yesterday that food manufacturers could no longer afford to finance the fierce price competition of the past 18 months between the big supermarket chains.

"I must say frankly to our retailer friends that manufacturers cannot afford any longer to finance their price war," Mr. Hornby said. "If retailers continue to press for large discounts from manufacturers, some manufacturing firms will go out of business or be taken over."

He made clear that the theme of the conference—"food in the balance"—was directly relevant to food manufacturers' present problems.

They faced pressure from rising raw material costs—especially because of the EEC Common Agricultural Policy. They were also unable to pass on higher costs to retailers because of the price war.

Food prices needed to rise by about 5 per cent to restore manufacturers' profit margins and enable them to remain in business in the long term.

The profitability of UK food manufacturers had been depressed throughout the 1970s due to "economic, political and social pressures that stem from Government interference and the aspirations of consumers and employees.

"Government action continues to erode our profits, and to divert us from our proper task of keeping our industry efficient. On the labour front, besides demands for higher wages, we have suffered recently from serious industrial disputes."

One of the food manufacturers' main problems outlined in detail at yesterday's conference was the effect of the EEC's Common Agricultural Policy.

Mr. Hornby welcomed the proposed freeze on intervention prices, but wondered if the European Commission had gone far enough in tackling the problem of surpluses.

Findus to seek State aid for Hull factory

BY RICHARD MOONEY

FINDUS, BRITAIN'S second biggest frozen food company, is to seek Government aid to keep its Hull fish processing factory going.

The company is discussing with the unions involved the possibility of a joint application to the Department of Employment for a temporary employment subsidy, it said yesterday.

If the aid is granted the factory may keep going for at least another year, the company said. If not, it may be closed this summer with a loss of more than 270 jobs.

The company's technical director, Mr. Colin Birch, said yesterday: "The company is very conscious of the effects of a factory closure on our employees in Hull and on the community as a whole and it is hoped that this closure can eventually be averted by a recovery of the fishing industry."

The factory processes wet fish into blocks, fillets and portions. But this work is duplicated at Findus' Grimsby factory where a fuller range of products is processed.

Reduced catches by the British trawler fleet and the resulting higher prices have reduced demand for the company's fish products. The Hull factory has been losing money for some time and last year lost more than £500,000.

If no subsidy is granted the factory will start to be run down from July 2. Closure would be expected by the end of September.

Tarling extradited as bail hopes fall

BY LISA WOOD

MR. RICHARD TARLING, the former City associate of Mr. Jim Slater, was extradited yesterday to face five charges in Singapore relating to his former chairmanship of Haw Par Brothers International.

The 44-year-old businessman may have to wait at least seven months to stand trial and has few hopes of arranging local sureties for bail, which will probably be set at £45,000.

Speaking from his London home yesterday morning he said: "I was last in Singapore in 1974. I have spent less than three weeks there, and I am in no position to arrange securities.

"The bail figure is totally unrealistic. Solicitors for the Singapore government in this country gave the Home Secretary a written assurance that the terms of bail would be reasonable.

Custody on arrival

"I got a telex from my lawyer in Singapore this morning that the local prosecutor had refused to amend the terms, and so I will be in custody on arrival."

Mr. Tarling's Singapore lawyer has warned that the Singapore High Court may be unable to consider the case before October. His two-and-a-half-year legal battle has already cost more than £100,000.

The charges relate to the group accounts of Haw Par for 1972-73. Originally, his extradition was demanded on additional, and more serious charges than he faces now. But an application for his extradition on these charges was finally turned down after the case went to the Lords.

He now faces relatively light charges which, under British law, would carry a fine, but in Singapore each of the five charges carries a maximum of two year's imprisonment.

Mr. Tarling was escorted to Heathrow Airport by a member of the Metropolitan Police extradition squad and a Singapore policeman.

MAIN POINTS OF MONOPOLIES AND MERGERS COMMISSION REPORT . . . By Andrew Taylor

Lonrho bid for SUITS 'not against public interest'

THE LONG-AWAITED Monopolies and Mergers Commission report on Lonrho's proposed takeover bid for Scottish and Universal Investments and the likely effects of such an acquisition on the House of Fraser concludes that a bid would not be against the public interest.

The Commission says that although the acquisition of SUITS by Lonrho would give rise to "some risk of detriment to the public interest, the degree of risk would not be sufficiently great for us to find that, on the evidence, the acquisition may be expected to operate against the public interest.

"In reaching this conclusion we have taken into account the fact that the acquisition of SUITS would increase Lonrho's direct *shareholding in House of Fraser* and the influence which Lonrho is able to exert on House of Fraser."

The Commission says that it accepts that Lonrho has no present intention of bringing about a full merger with the House of Fraser but says that it is concerned "with the effect on the public interest of the increase in shareholding which would result from Lonrho acquiring SUITS and with the increase in the influence which Lonrho would be *able* to exercise over House of Fraser as a result."

"We conclude that the merger situation in respect of Lonrho and House of Fraser which will be created if the arrangements in contemplation for the merger of Lonrho and SUITS are carried into effect may be expected not to operate against the public interest. This conclusion is confined, as it must be, to the arrangements now in contemplation, *which in our judgment* would result in Lonrho acquiring ability materially to influence the policy of House of Fraser, not control of that policy.

Merger aim

"Much of the evidence given to us assumed implicitly, or even explicitly, that Lonrho would seek eventually to acquire control of House of Fraser or to promote other mergers involving House of Fraser and Lonrho which would effectually diminish the existing autonomy of House of Fraser.

"If this were to happen a new situation would be created, and we express no view of what the effect on the public interest would then be. In such circumstances a further reference to us could, no doubt, be made."

The Commission finds that if Lonrho were to acquire SUITS it would then own about 29 per cent of the House of Fraser shares and directly control the votes attached to those shares. It is also likely that Lonrho's representation on the Board of House of Fraser would be increased. The Commission said that in that case there would be no other single large shareholder who might rally support against any proposal supported by Lonrho.

"The directors of House of Fraser told us that they believed a complete merger with Lonrho to be Lonrho's ultimate aim, and we think that they would be likely to see the increase in Lonrho's holding to 29 per cent as a further step towards that goal.

"They also believed that Lonrho could if it wished bring about some reconstitution of the Board. For these reasons, and because of the voting strength which Lonrho would have with 29 per cent, we consider it likely that non-Lonrho directors would be inclined to defer to Lonrho's wishes."

Jobs issue

The report says that Lonrho, which controls a near 20 per cent stake in House of Fraser, has not previously been able to "materially influence policy at the House of Fraser but whatever Lonrho's present intentions, there can be no certainty that in the future it will not wish to do so, and there would then be no opportunity of considering the effect upon the public interest.

"We do not think, therefore, that the possibility that Lonrho might not use its influence is sufficient reason for concluding that the new situation would not constitute a merger situation."

On the question of a bid for SUITS the Commission concluded that in its view "the proposed merger of Lonrho and SUITS does not give rise, either through vertical or through horizontal relationships between the two companies, to any issues of restriction or distortion of completion such as we are usually concerned with in merger inquiries.

"Lonrho repeatedly assured us that if the merger took place the companies within the SUITS group would continue to operate much as they do at present.

"Since there would be little scope for rationalisation or integration of their activities with other activities of Lonrho, we do not think that the merger *should in these ways have* any adverse effects on employment."

The report said Lonrho and SUITS are conglomerate companies, each operating in a number of different fields. Although Lonrho claimed that SUITS' existing interests were all in areas in which Lonrho had some relevant expertise and experience, a merger between Lonrho and SUITS would not lead to any significant increase in market share or in market power in any of the markets in the UK in which either company operates, "nor do we think it would affect trading relations between the companies in any way which would have a significant effect on competition."

The Commission says it has investigated complaints that Lonrho's financial position was over-extended and this might lead to resources which would otherwise be available for use by SUITS in Scotland being diverted for use by Lonrho outside Scotland.

"Lonrho's consolidated balance sheet shows that Lonrho worldwide is a group with large assets and with borrowings that are not unreasonable in total, though problems may occur in ensuring that funds are available to meet liabilities in the countries in which they arise.

"A large proportion of the group's debt is in the UK, where one result of very rapid expansion in recent years is that Lonrho depends heavily on short-term finance and relies on the renewal of these facilities at an adequate level.

"Any increase in remittances of profits from overseas is unlikely to be significant because of exchange control in overseas countries and the financial requirements of Lonrho's overseas businesses, and any relief to the UK's short-term position from this source is likely to be small."

However the report discloses that Lonrho is currently negotiating for a "substantial medium term loan" which if successfully negotiated would materially reduce the group's reliance on short term finance.

In addition, says the report, "Lonrho also drew our attention to certain assets in this country and overseas the disposal of which it had in mind for other reasons.

"Such disposals could strengthen the company's UK financial position. Lonrho is confident that in the meantime its liquidity problem can be contained by renewing short-term loans and overdraft facilities and increased reliance on bill finance."

"There might be some adverse effect if funds which SUITS might use for the development and expansion of activity in Scotland were diverted on a significant scale for use elsewhere in the Lonrho group. We think it is Lonrho's policy to use all available funds wherever they are *needed, so that the possibility* of funds generated in Scotland being used elsewhere cannot be excluded.

"But it is also Lonrho's policy to allow its 'satellites' substantial autonomy and there is evidence that Lonrho's subsidiaries generally have had access to adequate funds to finance their development.

"After acquisition by Lonrho control of SUITS' funds would not ultimately be in its hands of SUITS to the extent that it is now; but, particularly in view of Lonrho's assurances that it intends to use SUITS as a base for the expansion of Lonrho's business in Scotland, we think that SUITS' experience will not be different from that of other Lonrho subsidiaries.

Assurance

"We do not think therefore that the interests of Scotland are likely to be damaged by diversion of funds. Moreover, we see no reason why acquisition by Lonrho should prevent SUITS from carrying out its intention, of which it told us, of supporting and fostering the development of small new enterprises in Scotland.

"We are not satisfied that the acquisition of SUITS would increase the degree of financial risk to which Lonrho is subject."

The Commission says that it investigated allegations that an acquisition by Lonrho would be "likely to lead either to a break-up of SUITS or to significant diversion of resources from SUITS to other parts of the Lonrho group.

"Lonrho emphasised throughout our inquiry that it had no intention if the merger took place, of eliminating SUITS and making its subsidiaries direct subsidiaries of Lonrho. We accept that it is Lonrho's intention that SUITS should be a largely autonomous Scottish subsidiary operating broadly as it does now.

"Lonrho was at pains to assure us that it is not an asset-stripper, and we are satisfied, on the basis of its past history including its activities in the United Kingdom during the past ten years, that it has no such policy.

"The possibility of disposal of some subsidiaries of SUITS cannot be ruled out, but such a possibility would exist even if SUITS were not acquired by Lonrho.

"There is one criticism of Lonrho which was put to us by some opponents of the merger and which, in spite of its rather vague and imprecise nature, we think it would be wrong to ignore.

"This amounted to a dislike of Lonrho's management style, or supposed style, and a general feeling of reluctance to be associated with it. There is no secret about this, and it is well known to Lonrho itself; indeed the company drew our attention to the fact that it does not have the public image that it would like and that it is frequently given 'a bad Press'.

"Undoubtedly some of this stems from the publicity surrounding the Boardroom differences in 1973, from the subsequent appointment by the Secretary of State for Trade and Industry of Inspectors to investigate the company's affairs, and from the fact that the Inspectors' report, published in 1976, contained a number of criticisms. All these are matters of public knowledge.

"In general we have no doubt that Lonrho is a dynamic organisation committed to a policy of expansion and prepared to accept considerable risks in the pursuit of this policy.

"Lonrho in its present form is very largely the creation of Mr. Rowland and it is clear that his personal style of management is firmly imprinted on the company and influences the entrepreneurial character of its policies.

MR. 'TINY' ROWLAND

"A dynamic organisation is very largely the creation of Mr. Rowland . . . his experience in Africa will be hard to replace, but we do not think the company's prosperity is unduly dependent on him."

"We recognise the achievements of Mr. Rowland and we believe that his experience in Africa will be hard to replace, but we do not think that the company's continued prosperity is unduly dependent upon him.

"It is a matter of *plain fact* that the company has in recent years been involved in controversy and it is impossible to say that it will not be involved in controversy again.

"If a new bid to acquire SUITS is made it will be for the shareholders of SUITS to decide whether they wish to accept it; but the matters we have considered do not lead us to conclude that the public interest requires that Lonrho should be precluded from acquiring SUITS."

The Commission says that: "Lonrho's argument that SUITS' interests are all in areas in which Lonrho has some relevant experience and expertise appears to us to be true only in rather broad terms, and we doubt therefore whether the claim that the merger would have 'logic' has much substance."

Future role

It however concludes: "There is one respect in which the merger might be of some advantage. The present management of SUITS has hardly yet had the opportunity firmly to establish and implement plans for the development of the group, but appears to have done well in the short time during which it has been in office.

"We think, however, that the entrepreneurial drive of Lonrho and its wider industrial and commercial experience together *with its expressed commitment* to development in Scotland could be of benefit to SUITS and, in the long-term, to the prospects of employment in Scotland."

Lonrho in its evidence to the Commission outlined its views on its future role with regard to the House of Fraser.

In its report of this evidence the Commission says Lonrho said that it regarded its holding in the House of Fraser as a *long-term investment* designed to improve the quality of its earnings and its image in the city.

It had no present intention of increasing its holding beyond the 29.2 per cent which would result from its acquisition of SUITS since, given the relative capitalisation of the two companies, it would be in no position to make an offer for the remaining shares as required by the rules of the Takeover Panel if its holding rose above 30 per cent.

In the longer term, if circumstances changed, it might wish either to dispose of its shareholding it that seemed advantageous at the time or to make an offer for the remaining shares if it were then in a position to do so. In the meantime it had no intention of materially influencing or controlling House of Fraser policy, though it would wish to continue to have two directors on its board and would hope to have a third if and when the remaining Carter Hawley Hale director resigned.

The Commission says: "Lonrho argued that it had no material influence or control over House of Fraser policy now and would not when its shareholding was increased to 29.2 per cent.

"Ability to exercise influence or control must constitute something more than the power and ability of Lonrho's directors to influence decisions by argument and discussion and Lonrho believed that the other directors of House of Fraser, most of whom had spent their working lives in its employ, were not people who would be readily influenced by the views of a major shareholder.

"Lonrho agreed that in treating House of Fraser as an associated company in its accounts it must, in accordance with the relevant Statement of Standard Accounting Practice (SSAP 1), be 'in a position to exercise a significant influence' over House of Fraser. It argued, however, that this was not the same as ability 'materially to influence' *in the context of the* Fair Trading Act.

"More than one company could exercise 'signficant influence' over a particular company and treat it as an associated company.

"Becoming 'able materially to influence the policy' had, however, under section 65 of the Act, to be understood in the context of companies ceasing to be distinct enterprises.

"Two otherwise unrelated companies could not therefore materially influence the policy of a third without ceasing to be distinct from it and therefore from each other.

Lonrho, however, argued that the Commission should take into account that there was no evidence of any attempt to exercise material influence or control on House of Fraser policy since Lonrho acquired its present shareholding. Lonrho said that it had no intention of exercising it in the future.

This view differed with evidence provided by House of Fraser which says that "Lonrho was able, directly or indirectly, materially to influence, and to exercise a measure of control *over, the policy of House of* Fraser.

"If Lonrho were permitted to acquire a controlling interest in SUITS, Lonrho would be able either immediately, or after a period of time during which changes occurred in the composition of the Board of House of Fraser, to control House of Fraser policy."

Africa assets

House of Fraser considered that Lonrho appeared to be extremely *heavily borrowed* bearing in mind the high proportion of its assets in Africa and that unfavourable developments there could jeopardise the future of the group as a whole. House of Fraser also drew attention to Lonrho's investment status of a high risk business as reflected in the high rate of yield on its shares at current prices.

House of Fraser apprehended that if Lonrho acquired control of 29 per cent of House of Fraser its management would be subordinated to that of Lonrho and major policy decisions would be taken or influenced by persons lacking adequate experience of the department stores field.

The activities of House of Fraser could be seriously and adversely affected through restrictions on expenditure for its high quality department stores and by the expansion of its activities into wider fields not consistent with its quality image.

House of Fraser feared that in pursuit of a policy of financial stringency Lonrho might not only reduce capital expenditure, but to maximise trading profits might lower the quality of goods retailed and reduce staffing levels, so lowering the stores' present high reputation.

"Such steps could be particularly damaging to Harrods and its other major London stores and to their export trade at present estimated to be worth £40m annually. At the same time Lonrho might wish to close some of the less profitable provincial stores with consequent loss of employment.

House of Fraser also believed that because Lonrho was involved in controversy at home and abroad closer association with Lonrho would adversely affect Harrods' image overseas

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Key appointments at BL's truck and bus division

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

WO KEY appointments have en made by Leyland Vehicles, truck and bus division in- ving the Bathgate plant in otland.

Mr. Ian McKinnon, 32, has en appointed general manager the medium and light trucks ision of Leyland Vehicles ich takes in Bathgate and the ion plant at Scotstoun, sgow. Mr. Tony Jordan, 36, the new production director Bathgate.

oth men have been trans- red from Aveling Barford, construction equipment nufacturing company which is selling. Mr. McKinnon managing director of ling Barford and Mr. Jordan production director.

he medium and light trucks ision employs 9,000 and is volume end of Leyland hicles, producing vans, cks, tractors, diesel engines other major components. isputes at Bathgate in 1978 t 9000 of the 11,000 trucks st" by Leyland Vehicles because of industrial disputes. So far this year, however, the plant has been performing well.

Mr. McKinnon, who has a BSc in mechanical engineering from Glasgow University, joined BL from Chrysler's Linwood plant in Scotland six years ago.

He was first "spotted" by Mr. David Abell, who was appointed chairman and managing director of Leyland Vehicles three months ago, when they were with Leyland Australia. Mr. Abell later became chief executive of SP Industries, which includes Aveling Barford, and recruited Mr. McKinnon for that company four years ago. In his new job Mr. McKinnon will report direct to Mr. Abell.

Mr. McKinnon succeeds Mr. Frank Andrew, who was recently appointed sales and marketing director for Leyland Vehicles world-wide.

At Aveling Barford, Mr. Jack Smart, formerly deputy managing director of Leyland Vehicles, in his new capacity as chairman will take full operational responsibility.

Building society rates 'likely to stand'

By Eamonn Fingleton

AN EARLY cut in building society interest rates was ruled out yesterday by a leader of the movement.

Sir Raymond Potter, chairman of the Halifax, said that despite the big fall in interest rates in the last month, building societies are likely to maintain their present rates — 8 per cent for savers, 11½ per cent for borrowers — for the "foreseeable future."

A "prolonged and definite" reduction in interest rates generally was needed before building societies could cut their rates.

Announcing the society's results for the year to January 31, Sir Raymond said the Halifax is budgeting for an increase of 10 per cent in mortgage lending this year. The society's mortgage advances totalled £1,648.8m, compared with £1,327.8m the previous year.

The society's total assets increased by 16.8 per cent to £7,603m. Total reserves increased by £6.0m to £220.4m.

Sasse loss legal row spreads

BY JOHN MOORE

A MAJOR international legal battle is now developing over the events which have led to the Lloyd's of London underwriting syndicate of Mr. Frederick Sasse facing losses of £13.6m.

Brentnall Beard, the Lloyd's insurance broker which placed with the syndicate U.S. fire insurances on which the Sasse members sustained £8m of losses, has taken legal action against Mr. Dennis Harrison of Florida, members of his family, and Mr. Richard Mamarella, trustees of Mr. Harrison's company, Den-Har underwriters.

Mr. Harrison and his company had been authorised by the Sasse syndicate to accept business on its behalf. The negotiations for this arrangement had been carried out by Brentnall Beard which also had a 20 per cent interest in Den-Har Underwriters.

Brentnall has alleged that amounts of $660,000 of premium have been misappropriated by Mr. Harrison and others from Den-Har.

Money amounting to $301,116 which was deposited in the First Curacao International Bank is alleged to have been the property of Brentnall Beard. Other amounts of $358,100 which are alleged should have been paid over to Brentnall have been spent on property, the purchase of an interest in Auntie Flora's Health Food Store in Florida, the purchase of an interest in Piccadilly Records, Florida, and the purchase of interest in L'Elegante Haute Coiffure, Florida. Mr. Harrison and the others named in the allegation have not yet responded.

Lloyd's own inquiry into the affairs of Brentnall Beard is not yet completed.

Navy given go-ahead for Crimond

BY DAVID FISHLOCK, SCIENCE EDITOR

THE NAVY has been given the go-ahead to continue development of its new communications centre at Crimond in Scotland.

The Health and Safety Executive approved further work after an important investigation, begun last summer.

Development was stopped in the belief that Navy high-frequency transmissions might endanger the St. Fergus natural gas terminal near Crimond.

Safety inspectors had feared that high-power radio beams might induce electric currents in large metal structures at St. Fergus, with the risk of sparks.

The problem structure included mobile cranes, pipework and storage tanks, at a site shared by the terminal facilities of three North Sea operators—British Gas, Shell and Total.

But a report published yesterday finds that the inspectors last summer had over-estimated the risk by a factor of nearly 1,000 in terms of the amount of electrical energy which might be induced by Crimond when transmitting at its full design strength.

The Navy began transmitting last year at very low frequency, which causes no problem because the wavelength are so much greater than the size of the St. Fergus structures, and no electrical energy is induced.

But the Navy was stopped from using the higher frequency transmissions which theoretical calculations last summer showed might induce several hundred watts of energy in some structures.

A fresh examination, however, including laboratory experiments and on-site measurements on over 50 structures, showed that the earlier estimates were too pessimistic.

The latest measurements, even when extrapolated to account for all 16 transmitters—the maximum planned for Crimond—indicate that, at worst, it will induce ¼W at 50 volts peak.

But a steering committee convened by the Health and Safety Ecutive and headed by Mr. Alan Hall, a senior factory inspector, proposes that further measurements should be made at the Shell site at St. Fergus, as new structures for handling and processing "wet" gas are completed, and as the Navy builds up its transmitting power.

Report of the Steering Committee on radio frequency ignition hazards at St. Fergus, Scotland. Health and Safety Executive, Baynards House, Chepstow Place, London W2 4TF; £1.50.

Poll shows ignorance of EEC election

By Colleen Toomey

MORE THAN half the people questioned in an opinion poll were oblivious to the fact that direct elections to the European Parliament would be held this year. Two per cent said elections had already taken place between 1971 and 1976, 11 per cent said they would be held next year and 30 per cent said the elections would take place this year.

Nearly half the people questioned in the poll, carried out by Survey Research Associates and broadcast by Yorkshire Television last night, strongly opposed Europe being ruled by one government with powers over the British Government. A further 32 per cent were also against the idea, but less strongly so.

The poll showed that while Britain has been in the Common Market for more than five years, acceptance has been slow. More than half the 1,054 people interviewed in 51 constituencies opposed Common Market membership. But even if those questioned thought membership was a bad thing, 49 per cent said that Britain should now remain in the EEC—44 per cent were in favour of leaving the Community.

THER APPOINTMENTS

Lord Gibson retires from Pearson Longman

ord Gibson, who succeeded d Cowdray as chairman of Pearson and Son last year, has ided to retire from the chair- nship and from the Board of ARSON LONGMAN, the pub- ing subsidiary of the Pearson up. Mr. Michael Hare, deputy irman and chief executive of Pearson and Son, succeeds him chairman of Pearson gman. Mr. Tim Rix, chief cutive of Longman Group and John Barrons, managing ctor of Westminster Press, e been appointed to the rson Longman Board.

★

r. James Tyrrell has been ointed managing director of RECORD SHOPS. He was iously director of finance and inistration, EMI Records ited (UK).

★

ie BRITISH ALUMINIUM IPANY has made the follow- management changes: Mr. . Armstrong and Dr. S. J. l become members of the agement committee from il 1. Mr. Armstrong will be eeded as secretary to the mittee by Mr. J. E. Chilcott, continues as commercial ctor of BA. Dr. Ford will in his post as managing ctor of the Primary minium Division and Mr. A. Haggart will be deputy iaging director of that divi- . Mr. J. Grieve replaces Mr. gart as manager of West hland smelters. Mr. J. Kay, resent divisional director and ory manager of the company's ing mill at Falkirk, Stirling- e, has been appointed man- ng director of the Rolled ducts Division at Twickenham succession to the late Mr. M. Wilson. Mr. A. E. Cormack, sales director of the led Products Division, has n made assistant managing ector of that division and con- es responsible for sales. Mr. V. Crew succeeds Mr. Kay.

★

Ir. Terry Golding, chief execu- e of the National Exhibition itre, is now chairman of the HIBITION LIAISON COM- ITEE.

★

Ir. T. D. Davies has been ointed managing director of TTERS (a Hawker Siddeley npany), from April 1 to ceed Mr. E. D. Dettmer, who l be taking up another ition within the group. Mr. vies will also become chair- n of Petter Power Generation m that date. At the same time . F. H. Wood, chairman of tters and a director of Hawker deley Group, is to be chairman Petter Refrigeration.

★

Ir. Ian S. Beaton has joined EMICAL BANK INTER- TIONAL as consultant, export ance. He was formerly an istant director of Baring others and chairman of the cepting Houses Committee on port Finance.

★

Ir. J. S. Mowatt has resigned a non-executive director of RISTY BROTHERS because of ssure from other business nmitments.

★

The offer by Brown and arpe Group for CHAMBER- LIN GROUP has become un- nditional and Mr. Henry D. arpe Jr. and Mr. Donald A. ach join the Board of Chamber- n. Mr. Sharpe is chairman d chief executive officer and . Roach, president and chief erating officer, of Brown and arpe Manufacturing Company Rhode Island, U.S.

★

Dr. G. F. Moore has been pointed executive director of ICC RESEARCH AND EN- INEERING.

★

Mr. W. Papworth has been pointed group director in arge of corporate planning for MC, the meat group which cludes the Harris subsidiary. r. C. G. Absolon takes on the w post of Manpower Services addition to his group director- ip of Management Services. th report to Mr. G. H. B. attell, group managing director.

★

Mr. Martin Everitt has een appointed director of anufacturing for SIMPLEX MECHANICAL HANDLING COMPANY. He joins the company from Becorit (GB).

★

Dr. G. S. Hislop has been elected chairman and Dr. P. A. Allaway, vice-chairman, of the COUNCIL OF ENGINEERING INSTITUTIONS for 1979-80. Dr. Hislop, a former executive vice-chairman of Westland Aircraft, is chairman of the Aircraft Research Association. Dr. Allaway is chairman of EMI Electronics.

★

Mr. Michael J. Richardson and Mr. Peter C. Warman have been appointed joint managing directors of the BRITISH CAR AUCTION GROUP. Mr. Andrew Bulme, director of the branch at Brighouse, Yorkshire, is now also responsible for management of branches at Blackpool and Manchester, with Mr. Malcolm Riley and Mr. Steven Langley continuing as directors, respectively.

★

Mr. John E. Coker has been appointed a director of FUSIBLE INTERLININGS, a member of the Whitecroft Group.

★

Mr. M. R. Cornwall-Jones has been appointed to the Board of ECCLESIASTICAL INSURANCE OFFICE. Mr. Cornwall-Jones is joint managing director of John Govett and Co.

★

Mr. Bernard Keay and Mr. Ronald Willmott have been appointed directors of IAS CARGO AIRLINES, which claims to be Britain's largest all-cargo airline.

★

Mr. Reginald R. Jeune has succeeded Mr. Philip Keens as chairman of the TSB TRUST COMPANY. Mr. Keens continues as a director of TSB Unit Trust Managers (Channel Islands) and other subsidiaries of the TSB Trust Company. Mr. Jeune is a Senator of the States of Jersey and is also chairman of the TSB of the Channel Islands.

★

Mr. Robin Howard has been elected president of the TIMBER TRADE FEDERATION. He is chairman of W. W. Howard Bros. (Investments). Mr. C. S. Cotterell, a director of Machin and Kingsley, becomes vice-president of the federation.

★

Mr. S. E. Vedlitz has been appointed director, retail marketing, for CONOCO, responsible for the Jet filling stations.

★

Mr. John Bush has become managing director of JOHN WILLMOTT GROUP. The appointment follows the division of responsibilities held by Mr. Ian Dixon, who has been chairman and managing director of John Willmott Group in addition to being managing director of John Willmott Holdings.

★

Following the resignation of Mr. Peter Brown as managing director of BROWN KNIGHT AND TRUSCOTT, the company chairman, MR. G. A. GARDNER, takes over as chief executive. Mr. C. R. Dent, technical director, has been appointed general manager (print) at Tonbridge and Mr. E. H. Rumbold, sales director, will also act as London manager.

★

Mr. Martin Clark, finance director of SIMON-VK, has been additionally appointed company secretary. Mr. Ken Wheeler has been made sales director and Mr. David Powell sales manager for converter products. The company is a member of the Simon Engineering group.

★

Three appointments have been made to the Board of the newly-formed Superstores Division of INTERNATIONAL STORES under Mr. Bob Muir, the division's chief executive. Mr. Richard Pym is finance director, Mr. Jeff Rhodes, marketing director, and Mr. Jim McKenna, non-food director. Headquarters for the new division will be at new offices on the Westgate Industrial Estate, Northampton.

★

Mr. Derrick A. Johnson has been appointed to the board of CLARKE SECURITIES. He has been managing director of the group's housing since 1975.

WILSON COMMITTEE REPORT ON FINANCIAL INSTITUTIONS

'Not enough help for small companies'

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

AN ENGLISH Development Agency for small firms should be set up by the Government and special arrangements should be introduced to help small businessmen raise equity and bank loans according to a report by the Wilson Committee on Financial Institutions published yesterday.

The report, which was produced at the request of the Government as an interim study on small firms in advance of the main Wilson Report, also criticises clearing banks for their approach to small firms.

"It is impossible entirely to discount the criticisms of the banks contained in the evidence we have received," says the committee. It believes the banks could be biased in their assessment of risk in the sense that they would exercise "excessive caution" with small firms, especially with customers who had no personal capital.

For this reason the report comes down in favour of a State-backed guarantee scheme for bank loans being set up an experimental basis as quickly as possible.

The arrangements proposed to help small firms raise equity include the creation of a new type of financial institution called a small firm investment company (SFIC) whose shares would cary specific but limited personal taxation relief.

The proposed English Development Agency would be set up as a first step towards a possible full-scale Small Business Agency. It would have some powers and functions similar to those of both the Welsh and Scottish Development Agencies and the Council for Small Industries in Rural Areas (CoSIRA).

These are the three main recommendations out of a total of 20 put forward in the report which concludes: saying: "We are bound to point out that most of those giving evidence to us believe the most important influence on the successful operation of small firms to be the general economic and fiscal environment in which they operate."

Proposals

The committee received a large number of proposals for taxation changes and passed these on to Government departments. But it has made no general recommendations itself on taxation. "The objectives of the fiscal system are a political question and any judgment about them will therefore be political. We, like any other mixed group, do not agree about politics," says the committee.

Some members of the committee, which includes representatives of the TUC, CBI, financial institutions and other interests, believe that tax cuts are essential because of the over-riding importance of small firms for increased investment, innovation, growth and employment. Others do not believe that taxation reforms are the best means of achieving the overall goals, says the report.

"Small businesses seeking new injections of equity face difficulties in finding appropriate sources and even where they are successful, may have to concede less favourable terms than their larger counterparts. This reflects the limited number of potential investors, the relative illiquidity of their shares and the high risk attached to any single investment in a small business."

But the Committee does agree that specific fiscal measures are needed to stimulate the flow of equity investment to small businesses from external sources. "We are agreed that the most effective way of securing this more limited objective is likely to be by specific reliefs rather than by across-the-board cuts in personal taxation."

It is against this background that the committee recommends the creation of the new type of institution called the small firm investment company (SFIC) which in form would be similar to an investment trust. It says that steps should be taken to promote this by "the removal of the present fiscal and other constraints on the spontaneous development of such a medium."

Specific limited relief of personal taxation should also be given for the purchase of SFIC shares.

"Small businesses seeking new injections of equity face difficulties in finding appropriate sources and, even where they are successful, may have to concede less favourable terms than their larger counterparts," says the report. "This reflects the limited number of potential investors, the relative illiquidity of their shares, and the high risk attached to any single investment in a small business.

"The terms on which it is offered frequently deter proprietors of small businesses from accepting further equity finance even where it is available. The consequence is either that expansion is inhibited or that it is financed by loans in cases where equity would be more appropriate."

Creation of SFICs would therefore help promote an increase in the number of intermediaries specialising in investment in unlisted companies, says the report. The SFIC would provide a facility for investors generally. Its capital would be fixed and it would have borrowing powers as well as being obliged to pay out the bulk of its income to its shareholders.

"But it would be fiscally neutral to the extent that capital gains (if applicable) would be levied only when the shareholder in the fund disposed of his shares. Moreover, far from there being any limit on holdings in unlisted shares, an SFIC's objective would be to construct a portfolio of such shares. Quoted shares would be held only as a result of a quotation being granted for shares already held."

To help cope with the problem of marketing the equity of small businesses, the report also recommends an innovation to ease dealings in unlisted shares on the "over the counter (OTC) market." It says that the department of Trade, together with the Treasury and other departments, should consider how best to promote the facilities of such markets and remove constraints preventing their development.

These departments should also re-examine the case for changing the law to allow small companies to raise equity in a redeemable form. Other ways of allowing proprietors of small companies to raise outside capital without risking losing their overall control should also be studied.

Prosperity

"Outside investors could then be given some stake in the future prosperity of the company in return for the risk they take in helping to finance it, until the point is reached where funds generated in the business can be utilised by the company to pay them off," says the report.

On the issue of clearing bank loans the report recommends that "a publicly underwritten loan guarantee scheme, with a limited subsidy element and some part of the risk retained by the banks, should be set up on an experimental basis as soon as possible."

It admits that the argument for a publicly underwritten scheme would be stronger if the case for generally subsidising small firms was accepted. However, the report rules this overall approach out in its introductory chapter by saying that the committee does "not necessarily accept" the case for "special treatment of small firms of a discriminatory kind."

Nevertheless it backs the Government underwriting a loan guarantee scheme as a "relatively cost effective way of making use of whatever resources were available for this purpose."

In a thinly veiled criticism of current Government attempts to persuade the clearing banks to mount a guarantee scheme on their own, the report says: "Each of the clearers is already large enough to provide its own insurance by pooling its risks internally, and it seems unlikely that sharing the risk on even a large scale would cause them to take different decisions either about the viability of particular projects or the levels of security they require.

"Indeed persuading them to accept a scheme against their judgment might even have perverse results. The referral of existing marginal cases to another body for a second opinion could have the effect of increasing the proportion rejected, while the costs of operating the scheme might increase the average cost of small business borrowing overall."

For these reasons, the committee says that if there is to be a scheme, it should be "underwritten by the public sector in some way."

The report bases its criticisms of the clearing banks partly on research the committee commissioned in the Nottingham area. This showed that one-fifth of the manufacturing businesses in the survey, and one-quarter of those with overdrafts, complained about the "excessive level of security demanded by their bank."

Nearly one-third of the respondents complained about what they regarded as an "unreasonable degree of caution about the level of their overdraft." A number also criticised the variability of responses they received from different banks or from different branches of the same bank.

"On balance we are left with the impression that there are still deficiencies in the present arrangements" says the report. "We are not as confident as they (the banks), themselves appear to be that the number of viable enterprises denied access to sufficient funds is insignificant, particularly where new businesses or significant new initiatives are concerned."

The proposal for the creation of an English Development Agency for Small Firms stems from the committee's consideration of whether there should be an American-style Small Business Administration in the UK.

The report points out that such an independent agency could be linked to a Government Department in the same way as the Manpower Services Commission relates to the Employment Department. It could be made responsible both for a bank loan guarantee scheme and for improving statistics about small firms. It could also take over work done by the Industry Department's small firms' division.

But the committee shies away, partly on grounds of cost, from firmly recommending that such an agency should be set up. It says it will return to the subject when it publishes its final overall report on financial institutions.

In the meantime it recommends the creation of the English Development Agency for small firms with financial powers and objectives similar to those of the small firms' divisions of the Welsh and Scottish Development Agencies. This would mean that the agency could provide equity as well as loans to small firms.

The report also recommends that, as a first step, CoSIRA should also be given power to advance equity, and that its scope should be enlarged to include retailing as well as manufacturing firms. Ultimately CoSIRA could be absorbed into the English Agency which would then cover both urban and rural areas.

The report also says the Government should re-examine its financing of "enterprise workshops" through the Manpower Services Commission to ensure that sufficient funds are made available to potentially successful businesses. It also backs "properly conceived small-scale" worker co-operatives as having a "potentially useful" role in the economy.

The Department of Industry is also recommended to consider helping small firms by lowering the financial thresholds of its industrial support schemes and by setting up a special statistical unit. The Export Credits Guarantee Department is asked to review its "general responsiveness" to the needs of small businessmen. Banks should make sure their ECGD policies are understood by their branches and the National Research Development Corporation should review its practices and ensure information about its services is widely disseminated.

Co-operation between small firms and both large companies and educational establishments should be increased and further help should be provided by accountancy bodies and by financial institutions to ensure their facilities are understood.

The Financing of Small Firms. Interim Report of the Committee to Review the Functioning of Financial Institutions. SO. Price £1.75.

Backing for public ownership

BY TIM DICKSON

PUBLIC ownership could play an important part in the transformation of relations between the financial and industrial sectors in the UK, the Labour Party's National Executive Committee says in its second submission to the Wilson Committee.

"The financial sector has come to be dominated by a small number of institutions representing a vast concentration of power which has no corresponding validity," it says.

The NEC's latest statement both repeats its commitment to public ownership and replies to subsequent criticisms of its earlier argument.

Consultations with trade unions in institutions likely to be affected are still taking place and proposals for individual companies are therefore not discussed.

The NEC's case for public ownership primarily rests on the contention that there are major divergencies between "private" and "social" costs and benefits which distort the capital market, leading to excess speculation and inefficient allocation of funds.

The NEC stresses that it does not see public ownership in the financial sector as a panacea for the country's economic troubles.

The NEC says it has never argued that low investment was caused by the restricted supply of finance. Low rates of real return and non-financial factors are largely responsible for the depressed level of economic activity.

The NEC, however, repeats its belief that public intervention will be needed "if we are to double our annual rate of manufacturing investment."

On institutional lending to industry the NEC argues that "alternative social criteria" should be developed which in the long run "would ensure the greatest real return in terms of new wealth created."

The NEC repeats its attack on the concentration of financial power in the hands of the Big Four clearing banks and claims that the London clearing banks control 70 per cent of sterling deposits of banks in the UK or 61 per cent if overseas banks are included.

The NEC attacks the size of banking sector profits and the failure to provide adequate information on the provision for bad debts.

Shell and ICI polypropylene pricing criticised

BY SUE CAMERON, CHEMICALS CORRESPONDENT

IMPERIAL Chemical Industries and Shell have been criticised by the British Polyolefin Textiles Association for their polypropylene pricing policies.

The association, which represents the major British weavers and extruders of polypropylene, said the polymer was now more expensive in the UK than in either the U.S. or the Continent. It claimed price increases by ICI and Shell—the two chief UK suppliers of polypropylene—had put its members at a disadvantage compared with their foreign competitors.

The association said ICI and Shell had given "insufficient warning" to customers in the polyolefin textile industry before putting up their polypropylene prices by about 30 per cent last month. It added that Shell and ICI were understood to have made "urgent claims for even higher prices" to the Price Commission.

"This course of pricing is seriously open to question, even allowing for problems in the international oil market," the association said.

"It seems to us precipitate on all the evidence available. We see no reason why our industry should suffer more price disadvantage, over and above the increases imposed earlier this year, at least until continental prices are in line with those in the UK.

"We urge ICI and Shell not to seek premium prices for their UK sales. Such a policy would affect their polymer market. Excessive price levels will press hard on textile and packaging end users in the home market. It will reduce our own industry's export competitiveness and, in sensitive areas, will cause us to be unfairly hit by low-cost imports."

The association added that its members had accepted the need for substantial increases in polypropylene prices made last month by ICI and Shell. But it said it would oppose any attempt by either company to put prices up again at the beginning of next month.

Post Office consumer body 'lacks expertise'

BY JOHN LLOYD

A STRONG attack was made yesterday on the Post Office Users National Council—the oldest nationalised industries' consumer council—by the independent Mail Users Association.

In evidence to the Select Committee on Nationalised Industries, the MUA says POUNC's record "does not inspire confidence for the bigger problems of the future."

The association claims that POUNC comes to life "mostly when the Post Office Board presents proposals to it" and that, as it is wholly funded by the Government and its members are appointed at the discretion of the Industry Secretary, it is a "burglar-appointed watchdog."

It argues that POUNC has not understood the overseas mail service, the "most complex area of the postal business," lacks the financial expertise to analyse the postal mechanisation scheme and has not cast a sufficiently critical eye over the telecommunications modernisation scheme.

"Even a glance at the figures in the Post Office's annual report and accounts reveals . . . that telecommunications has been overcharging for its services in the short term."

The MUA recommended that POUNC should contain "a nucleus of informed professionals" and at least one representative of a large postal and telecommunications user.

It also suggested that organisations nominating POUNC representatives should help finance it and that a "user audit" should be instroduced, in the form of a statement appended to the annual report which would certify—"with qualifications where appropriate"—that the industry had met its obligations to users.

Rewarding task

MR. HUGH McCALLION, managing director of Photo Fabrications, a metal components factory at St. Neots, Cambridgeshire, is giving 24 workers a four-day holiday in Paris next week for reaching a vital export production target last October.

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Barclays 1978

Satisfactory profits, but inflation rate still far too high for comfort.

The Annual General Meeting of Barclays Bank Limited will be held in London on April 11, 1979. The following are extracts from the address to the Stockholders by the Chairman, Mr Anthony Tuke, for the year 1978.

Our pre-tax profits for 1978, at £373m, can be regarded as satisfactory not least because those of us who deal in money must at all times keep an eye on the rate at which our currency is depreciating. I referred to this in last year's Report as a formidable problem and although our inflation rate in this country is lower than it was a year or two ago, it is still far too high for comfort and especially when compared with some of our competitors.

Quite simply, if as a company our assets and liabilities show a rise of, say, 10% in a year during which the rate of inflation has reached 12%, we delude ourselves if we imagine our business has expanded. Naturally the same argument applies to our profits. Looked at in this light, and taking 1973 as a base – an appropriate year in the light of the fourfold increase in oil prices and later on the double digit inflation – we have done a little better than par, but not much better. Since the end of 1973, our profits and retentions have almost exactly doubled but so too have prices and wages. This is a sobering thought which we ignore at our peril.

It is interesting also to note where the increase in our 1978 profits came from: a little came from the international side, which would have been more if the pound/dollar rate had remained stable during the year; the Clearing Bank increased its profits due to a variety of factors, including higher than expected interest rates and more buoyant current account balances, and there were better results from Mercantile Credit and Barclaycard. But the prime reason was a much lower charge to profits for bad and doubtful debt provisions reflecting improved lending experience. This illustrates that in a volatile political, economic and monetary environment, the incidence of provisions and interest which has been suspended is of great importance from year to year and has had a marked effect on this year's figures.

Provisions

Turning to another aspect of provisions, Stockholders will for the first time see that in 1978 we wrote off as bad approximately £58m. This is a substantial figure, but one must bear in mind the timing of write-offs. In previous years, our policy has been to raise a provision when the debt appeared in whole or in part irrecoverable and we have left the actual write-off until the corpse was well and truly buried. This year we have decided to follow the practice in the United States whereby a debt which is thought to be bad, and therefore subject to a provision, is written-off wholly or in part straight away. The future naturally is uncertain and that part not written-off may also ultimately have to receive similar treatment. An obvious result of this is that we have had to catch up and a part of this year's write-off relates to provisions made in some cases up to ten years ago.

To get a realistic picture of a bank's bad debt experience, one should take a ten-year view and it may be of interest to Stockholders to know that in the Group as a whole, encompassing branches and subsidiaries throughout the world, we wrote off an average of about £18m per annum during the decade 1968-1977. Our provisions, including both specific and general, amount in total to £400m – or, put another way, 2.3% of all the money lent on the 31st December, 1978. This figure can I think be regarded as acceptable, covering as it does some of the most difficult years in the field of lending money that any of us can remember. We do, however, certainly hope to see a reduction in this percentage in the future; but any prudent banker, especially one who is trading in a large number of countries in an unsettled world, should err on the side of caution. The Boy Scouts' motto is by no means out of place in international banking.

Wages in Cash

The major issues of international monetary policy are rightly matters of concern to us; but most bankers are dealing with day-to-day problems and cash transactions form a major part of our business. Stockholders therefore may be interested to learn that the Bank spent £3m last year in transporting cash to and from our United Kingdom branches. Another £2½m went on running our bullion centres up and down the country and, in addition, the loss of interest caused by holding notes and coin was substantial. Once inside our branches, transactions involving cash are the most expensive that we deal with. Cash handling, therefore, is not only an unsatisfactory use of resources from the Bank's point of view but so also is it for our customers and for the country.

In addition it is dangerous: in 1978 security companies were subjected to 169 armed raids on their bullion vans and four people were killed during these attacks. I hope therefore that we may be moving towards a system whereby wages are paid not in cash but through the banking system. This is neither a new nor revolutionary proposal; indeed, exactly twenty years ago in our Annual Report, the importance of promoting the banking habit amongst all employees with payments on a monthly basis was raised.

Yet today, almost a generation later, we in Britain are still far behind what is happening in many countries of the world: 59% of our working population receive their wages in cash and nearly all of these are paid weekly; however, only 5% of German and 1% of American workers are paid in this way. In France a Government programme has led to only 5% of employees being paid weekly and in cash and in both Australia and Canada the proportions are similar. Why are we behind other countries in what is obviously a safer and more modern way of paying people? For a Clearing Bank to advocate increased official intervention may be uncharacteristic, but it seems to me that an essential lead has to come from government for whom there are powerful arguments to encourage a move from weekly cash to monthly bank transfer. The existence of a two-payment system is said to be socially divisive; the move from cash encourages thrift and financial responsibility.

One positive step the authorities could take would be to allow the cost savings resulting from changed payment methods to be re-distributed to employees under any incomes policy. It might also be appropriate to bring manual and non-manual workers under the same legislation. Employers can and frequently have taken the initiative in their own companies; however, many seem not to appreciate fully the true cost of payment systems involving cash which can be as high as £25 per employee per annum. To make monthly payments acceptable to employees and Trades Unions, particular attention has to be paid to the day of the month when the monthly payment replaces weekly ones and an element of phasing in over a period may be necessary.

In continental Europe, Trades Unions have seen changed payment methods as a means of improving the status of their members and an opportunity to negotiate uniform conditions of service, rather than as a threat to established practices. The banks have a vested interest too, and they also have a duty to provide the wage and salary earner with a means of getting hold of cash when he needs it. We shall benefit from the opening of more accounts and the likelihood that monthly payments will involve larger balances. But our existing hours of opening are inadequate to serve the needs of many of our new customers, particularly during the transitional period, and I hope we shall find means of extending these hours. As an alternative we must provide an adequate number of machines which will produce cash for 24 hours of the day, through the new magnetically encoded plastic card technology which we call Barclaybank.

Barclaycard

A change in the method of paying wages, including the use of these plastic cards, naturally leads to a progress report on the existing Barclaycard, our original plastic card which was launched as long ago as 1966, since when it has come a long way. Initially cards were seen as a novel means of making credit available to a number of our customers and later of guaranteeing their cheques. From the outset, however, we hoped to see them used as a simple method of settling debts and this is increasingly what is happening. We favour this development because plastic cards are a convenient means of moving into electronic transmission of funds and will eventually, we hope, come to be used by everyone as a cheaper alternative to cheques and cash.

A lot of time and money is rightly being spent on research and development of technology in this field and we aim to build on the foundation which has been laid so successfully by Barclaycard.

In 1966 a general bank credit card was a totally new concept in Europe and, as with any new venture, there were considerable risks and we were subjected to a measure of criticism at the time. These risks were reflected in the fact that, during the first few years of its existence, our losses averaged something like £1m a year. More recently the situation has changed dramatically and Barclaycard now earns significant profits for us, due in part to operational efficiency, but also to the increasing volume of transactions handled and of the credit extended. In 1972 we reported to Stockholders that we had two million account holders and 61,000 merchant outlets; now, six years later, we have 4.3m cardholders and 117,000 merchant outlets and it is particularly satisfactory that the numbers of men and women working for Barclaycard, mainly in Northampton, have only marginally increased in number during this period of rapid expansion.

Drawing up a profit and loss account for Barclaycard is like walking through an accounting minefield, since the figures depend on a host of factors which can be adjusted by the parent Bank through internal transfer pricing arrangements, but we try to assess Barclaycard as nearly as possible as though it were an independent business and with its own capital base. On this fairly severe measurement the profit from Barclaycard, pre-tax, comfortably exceeded £10m this year – a satisfactory figure even for a business with a turnover in excess of £800m and outstanding balances of over £300m.

It is sometimes said that credit cards encourage overspending and lead the unwary into greater debt than they can afford to repay. This has not been our experience; as turnover has grown, the percentage of bad debts to total lendings has steadily fallen – from 1.3% in 1975 to 0.45% in 1978 – by no means an unacceptable figure for unsecured personal lending. We watch the overall position very carefully and try to do the same for each cardholder, matching credit limits with ability to repay as well as to the customer's wishes, and we find that the great majority act with responsibility and commonsense when they borrow.

The progress of Barclaycard during the last ten years or so has, we believe, justified our decision to launch it in 1966. It has already developed in a number of ways but most of us feel that the major development is still to come and that it will play a very important part in retail banking during the next ten years.

Staff

Our staff are now working in many countries and, whether they are Stockholders or not, they are conscious of belonging to Barclays. In London, we like to think we can do something to reinforce a spirit of membership of the Barclays Group with a common interest and friendship wherever they may meet. Those of us who travel around the world have this very much in mind and certainly we shall do what we can to see to it that there are opportunities for as many people as possible to visit us here in London.

Stockholders are, I know, fully aware that the prosperity of the Bank will always depend on the excellent service which our staff continue to provide and seek to improve.

Anthony Tuke

Anthony Tuke, Chairman of Barclays Bank Limited.

UK NEWS—PARLIAMENT and POLITICS

Hospital volunteers approved

BY IVOR OWEN

AREA HEALTH authorities faced with disruptive action by NUPE militants were urged by **Mr. David Ennals**, the Social Services Secretary, in the Commons last night to call for volunteers to keep essential hospital services going.

His significantly tougher line of the action that should be taken to safeguard the interests of patients was immediately welcomed by **Mr. Patrick Jenkin**, the Shadow Social Services Secretary.

Mr. Ennals, only recently discharged from Westminster hospital himself, emphasised that the decision to call in volunteers must be left with local management.

He stopped short of saying that pay should be withheld from staff who do not carry out all their duties.

He told the House: "No-one can expect nurses, administrators and doctors to continue to struggle to keep services going while those who turn up to work can take disruptive action and be paid fully for doing so."

Mr. Timothy Raison (C., Aylesbury) asked if the Minister was suggesting to area health authorities that those who did only part of their job and persisted in taking industrial action should be sent home and told they would not be paid.

Mr. Ennals replied "What action management actually takes is the responsibility of management itself."

"We regard it as essential that the vocational nature of nursing should not be undervalued in financial terms" — Halsbury Report.

He underlined his readiness to encourage the use of volunteers after expressing concern over the serious escalation in the past 48 hours of industrial action being taken in some areas by hospital ancillary workers and ambulance men.

"I have told health authorities facing severe industrial action that they may now invite members of the public to work as volunteers in the National Health Service if this is the only way of keeping essential services going."

But Mr. Ennals pointed out that volunteers should await the call to help particular hospitals. If they were to turn up uninvited in large numbers no useful purpose would be served.

Mr. Jenkins maintained that the tougher approach now being shown by the Minister should have been adopted at a much earlier stage.

He condemned the "lamentable feebleness" which Mr. Ennals had shown in the earlier stages of the dispute.

Opening the debate, with a number of nurses listening from the public gallery, **Mr. Willie Hamilton** (Lab., Fife Central) accused the Government of a complete lack of imagination and generosity in dealing with pay rates for nurses.

The Manifesto Group of the Parliamentary Labour Party had drawn up a document on Wednesday condemning the Government offer of 9 per cent plus £1 a week in advance of a comparability study for nurses.

"In these troubled industrial times when militancy, bloody-mindedness and sheer bargaining muscle seem to count for more than anything else, the nursing profession has been unwilling to be bloody-minded or to strike and has shrunk from using whatever industrial muscle it might have."

Mr. Hamilton said Mr. Ennals should have a framed copy of a quote from the Halsbury Report on his desk.

It said: "We regard it as essential that the vocational nature of the job should not lead to under-valuation in financial terms."

Many people failed to recognise that the present nurses claim was part of the April 1978 negotiations and that Mr. Ennals had been in possession of that document since the late summer of 1978.

Mr. Laurie Pavitt (Lab., Brent S.) urged the Government to come up with a permanent solution for nurses pay.

"I hope we will never again have to have a similar debate where we sit here feeling ashamed of our own exploitation of nurses."

Mr. Jock Stallard (Lab., St. Pancras N.) called for cross-regional funding which would benefit hospitals such as the Elizabeth ...Garrett Anderson hospital run by women for women. Many patients came from outside the hospital's area and it was disgraceful that it was threatened with closure.

● The nurses vigil outside the House of Commons in a bid for higher pay was praised by Commons Leader **Michael Foot** yesterday.

He agreed with a Tory backbencher about the "dignified way" the nurses had put their case, and said the Government was well aware of the strength of their case. He made his comments afe **Rear-Admiral Morgan-Giles** (C., Winchester) referred to the "silent and dignified" vigil.

Heath scorns PM's jingoism

BY ELINOR GOODMAN, LOBBY STAFF

MR. EDWARD HEATH rounded on the Prime Minister yesterday in defence of the European Community into which he took Britain.

The former Conservative leader accused Mr. Callaghan of "crude tub-thumping and jingoism reminiscent of the Boer War."

The other EEC leaders, he said, despised Mr. Callaghan for his electioneering and held him in contempt.

Mr. Heath evidently felt so strongly about the Prime Minister's behaviour since returning from Europe this week that he agreed to do two separate interviews on the subject—one with the BBC and one on ITN.

He agreed that there were problems with the Community's agricultural policy but argued that membership had to be seen in the wider context of all the benefits Britain had got out of belonging to the Community.

Claiming that some of the changes now being proposed by Mr. Callaghan had first been advocated by himself back in 1972, he accused the Prime Minister of throwing away the benefits of British membership.

His defence of the EEC was in sharp contrast to the very critical approach adopted by **Mr. John Nott**, the shadow Trade Minister, on Wednesday.

At question time yesterday, Mr. Callaghan—in a foretaste of what his strategy looks like being in the European elections—tried to exploit these differences as another example of a split in the Tory ranks.

Dismissing Mr. Heath's attitude as "nostalgia," he challenged Mrs. Thatcher to say what she thought of Mr. Nott's speech.

To the disappointment of some of her backbenchers who feel that Mr. Callaghan has all too easily succeeded in gaining the initiative on the Common Market, she refused to be drawn.

But the signs are that she is not entirely unhappy with what she would regard as Mr. Nott's attitude of constructive criticism.

It may well be that she will try to correct the impression over the next few weeks that only Labour is in favour of reform, and make some public statement of her own accusing Labour of wasting the opportunities offered by Europe.

Mr. Heath acknowledged that the Community had its problems and that there was a need to work on a fresh budgetary basis, but he argued that it was not only Britain who had cause for complaint.

Why should the Europeans be contributing money to inefficient, "strike-ridden, out-of-date industries in this country?" he asked.

The only way Britain would get solutions was by recognising other people's problems and then coming forward with constructive suggestions and getting agreement about them.

THE lunchtime radio broadcast by former Tory leader Mr. Edward Heath, in which he criticised the Prime Minister's attack on the Common Market, sparked exchanges between MPs and **Mr. John Silkin**, *Agriculture Minister*, in the Commons yesterday.

Mr. Tom Torney (Lab, Bradford S.) urged the Minister to take up with Commissioner Gundelach of the EEC Mr. Heath's claims that Britain had received £2,400m from the Community's regional and social fund since 1972.

But Mr. Silkin retorted that Mr. Heath had omitted to "give the full figures—which fortunately suited his own argument."

Mr. Silkin told MPs that although Britain had paid out £2,400m. two-thirds of that sum was in the form of loans—not grants—which had to be paid back.

In the last available figures, the UK was contributing in the region of £23m toward the storage of olive oil, of which £20m came back in regional development funds, he said.

Callaghan makes political capital

BY PHILIP RAWSTORNE

PRICES may be rising and production down, but Mr. James Callaghan made some more political capital in the Commons yesterday.

After the recent slump in his stock, the Prime Minister continued his successful foray into the Common Market to pick up a few more points.

Mrs. Margaret Thatcher had attacked him for his "abrasive" defence of British interests in Paris, he agreed regretfully with Mr. William Molloy (Lab Ealing N).

Fierce views

Yet the Tory trade spokesman, Mr. John Nott, had echoed the Government's views in even fiercer language shortly afterwards, said Mr. Callaghan.

So too had Mr. Finn Gundelach, the EEC agriculture commissioner—who the Prime Minister, on short acquaintance, called Mr. Findelach.

The Tory leader did have problems, Mr. Callaghan added consolingly amid the Labour laughter.

No doubt Mr. Nott would have to retract—particularly since he understood that Mr. Edward Heath, the former Prime Minister, had been on the air supporting the Thatcher line.

"My advice to Mr. Heath is that he must not allow nostalgia for the past to overcome the facts of the present," said Mr. Callaghan.

Dracula

Mr. Neil Kinnock (Lab., Bedwellty) suggested that for Mrs. Thatcher to accuse anyone of being abrasive was like Count Dracula expressing a distaste for blood.

But the Prime Minister appeared satisfied that he had drawn enough out of the Tory front bench.

A lot of people, he observed mildly, appeared to have been moved by the sheer logic of his Paris statement and the forceful and overwhelming persuasion which it carried.

Mrs. Thatcher got up—and abruptly changed the subject. Had the Cabinet decided to lay the devolution repeal orders and when would the Commons vote on them? she demanded.

The orders would be laid next week and a statement made about the Government's intentions in the Commons, Mr. Callaghan replied.

Despite Labour invitations, the Tory leader offered no abrasive comment on that.

It was left to Mr. Donald Stewart, the SNP leader, to offer the threat of a "no confidence" vote if the Government did not move more urgently towards a vote on devolution.

The Prime Minister did not look unduly worried. "We have had a period of reflection," he said, "and now we must proceed to a period of discussion."

Afterwards, no doubt, there will be a period of decision.

Snub for Rhodesia

BY IVOR OWEN

BRITAIN WILL not be sending an official Parliamentary delegation to Rhodesia to observe the *first one-man, one-vote election* to be held there next month, the **Prime Minister** announced in the Commons yesterday.

But he made it clear that the Government will facilitate visits undertaken by MPs on their own initiative, and indicated that Ministers would not stand in the way of a tour by an unofficial all-party group.

Amid Tory cheers, **Mr. Peter Temple-Morris** (C, Leominster) suggested that Government agreement to the dispatch of an official Parliament delegation would be a helpful contribution towards preserving a bi-partisan policy on Rhodesia.

Mr. Callaghan assured the House that the Government had given "ver serious" consideration *to this proposal*.

But he was unable to recommend it because if an official Parliamentary delegation were sent to Rhodesia its effect on the rest of Africa would be totally misunderstood.

The Prime Minister regretfully held to the view that the April election, staged under the internal settlement, would not solve anything.

The best solution, he said, would be if it led, in due course, to an internationally supervised election in which the whole of the people of Rhodesia, including those now fighting outside the country, would take part.

Bennett report today

The Bennett Report on the treatment of suspects by police in Northern Ireland is to be published today ahead of schedule.

Mr. Michael Foot, Leader of the House, said in the Commons yesterday that **Mr. Roy Mason**, Northern Ireland Secretary, would make a statement on the report this morning. It would be published at the same time.

Originally, it was expected that publication would be delayed up to two weeks while Ministers considered their reaction to the report.

But a detailed press leak earlier this week, and a controversial television interview by a leading witness who suggested that policemen had mistreated suspects, have decided Mr. Mason to publish the full report at once.

Among the recommendations said to be contained in the report are that suspects should have access to a solicitor every two days until they are charged, and that interviews with police should be overseen on closed circuit television by senior officers.

Dr. Robert Irwin, a police surgeon who was one of the witnesses to the committee, alleged on television at the weekend that suspects had been ill-treated.

He later refused to withdraw his charges, despite a challenge from Sir Kenneth Newman, RUC Chief Constable.

Today's statement from Mr. Mason will be his first direct reaction in Parliament to the charges.

Tories hit at tax amnesty

THE GOVERNMENT was attacked in the Commons over the Inland Revenue's decision to give a tax amnesty to Fleet Street casual workers.

Mr. Michael Foot, Commons Leader, bore the brunt of fierce criticism from Tory MPs, including **Norman Tebbit** (Chingford) who dubbed the affair "The Great Fleet Street Tax Fiddle."

He demanded simultaneous Government statements on the tax issue and the civil service strike.

Mr. Tebbit said people could then see how the Government paid off one group of trade unionists "by allowing them to fiddle their taxes, and lets another group of trade unionists lock up people's savings which have been entrusted to the Government.

"These people then have to borrow at exorbitant rates of interest to make ends meet."

But Mr. Foot said that compressing these issues into one question was a "gross abuse" of the way they should be presented to the Commons.

People should never believe anything Mr. Tebbit said unless it could be checked with reputable sources, he added.

Terence Higgins (C., Worthing), who has been campaigning against the tax amnesty with a barrage of questions to Treasury ministers, said there was widespread concern.

He called the Revenue's decision "scandalously unfair."

But Mr. Foot would say only that the Inland Revenue was "acting within the laws passed by this House."

Lords approve revised seating arrangements for N. Ireland

THE House of Commons (Redistribution of Seats) Bill, which increases Northern Ireland representation at Westminster from 12 to 17 sped through its final stage of the Lords yesterday in a few minutes.

Although the Bill now needs only Royal Assent to become law it is doubtful that it will be in force for this general election, or even the next one, as the Boundary Commission work is likely to take several years.

Northern Ireland Minister of State **Lord Melchett** told peers he would be interested to see if Press predictions—that the Government's "kind of pact" with the Ulster Unionists would end—would prove true.

All sides agreed it was wrong that Northern Ireland members should have far more people per constituency than any other MP at Westminster.

Both Unionists and Government have consistently denied any suggestion of a pact. But there is no doubt that the Unionists will feel more free to vote down the Government now that the Bill is certain to reach the Statute Book.

Even if the Government were willing or able to move towards the Unionists' other main aim—restoration of devolved local government — there is very little time left in this Parliament.

Democratic Unionist leader the **Rev. Ian Paisley** (N. Antrim) and rebel Unionist **Jim Kilfedder** (North Down) have both opposed the Bill, which they claim "sells Ulster short."

And they have accused the official group of supporting the Government with their votes—although Westminster leader **Jim Molyneaux** stresses that the group's seven votes have never actually saved the Government in a vital division.

SDLP leader **Gerry Fitt** (West Belfast) who sits on the Government benches, has also fought bitterly against the Bill, backed by a vociferous group of Left-wingers, as a step towards integration.

● Scottish Liberals yesterday called on the Government to amend the Scotland Act to introduce proportional representation for elections to an Edinburgh assembly.

The Liberals in Scotland want a single transferable vote system to be introduced for the elections before Parliament takes its crucial vote on devolution.

Chairman of the Scottish Liberals' policy committee, **Mr. Menzies Campbell** told the party's conference in Oban yesterday: "What is needed now is a bold and imaginative piece of surgery on the Act. Introducing proportional representation at this stage would be such a step.

"It is not possible to re-write the Act, nor is it desirable, but at a stroke the Act can be amended to meet the legitimate fears of rural areas that they would be dominated by a Labour majority from the central belt of Scotland.

"At a stroke a proper democratic balance within the assembly can be achieved."

He said that if the Government believed that devolution was an extension of democratic control it would take up the challenge and that if the Tories were sincere when they said they were devolutionists they could hardly fail to respond.

Mr. Campbell said the Government had allowed devolution to become a test of its popularity—and it had failed the test.

He said: "A great constitutional debate which should have ignited a searching examination of the future government of Britain, smouldered away in discontent about strikes and wages.

"The 'yes' side of the argument was fissured and unconfident while the 'no' case rested on apprehension and inflexibility."

Deputy chairman of the Scottish Liberals, **Mr. Charles Brodie**, told the conference that if the Scotland Act were repealed in the next few weeks it must be done without any assistance or connivance from any Liberal MPs.

He said: "The referendum result was a farce and a constitutional disaster because we allowed it to become a party political issue and the party which stands truly indicted over its inability to deliver is the Labour Party."

He said that if the Scotland Act failed—as it seemed about to do—the possibility of total separation of Scotland from England had to become more likely.

"We must fight with every nerve and sinew to ensure that the Scotland Act is saved in some form."

The conference voted almost unanimously to urge the party in Parliament to vote for the Act and with only little more opposition voted for proportional representation to be introduced before the vote.

Parliament business next week

COMMONS

Monday—Debate on Government expenditure plans, 1979-80 to 1982-83. Lords Amendments, Social Security Bill.

Tuesday—Administration of Justice (Emergency Provisions) (Scotland) Bill. Debate on Communities Energy Policy.

Wednesday—Debate on the Prevention of Terrorism (Temporary Provisions) Act continuation. Motion on the Temporary Short-Time Working Compensation Scheme.

Thursday—Second reading Road Traffic (Seat Belts) Bill. Motion on Firearms

Friday—Private Members' Motions.

LORDS

Monday—Confirmation to Small Estates Bill. Estate Agents Bill: committee. Ancient Monuments and Archaeological Areas Bill: report. Legal aid orders. Question on oil pollution in the sea area north of the Scottish mainland.

Tuesday—Kiribati Independence Bill. Banking Bill: committee. Debate report of the EEC on state aid for steel.

Wednesday—Debate on the Strutt Report "Agriculture and the Countryside." Short debate on the second land utilisation survey.

Thursday—Vaccine Damage Payments Bill: third reading. National Heritage (formerly Land) Fund No. 2 Bill: third reading. Conservation of Wild Creatures and Wild Plants (Amendment) Bill: third reading. Kiribati Independence Bill: third reading. Administration of Justice (Emergency Provisions) (Scotland) Bill: all stages. Prevention of Terrorism (Temporary Provisions) Act

هكذا من الأجمل

He'd never been in my car before and was obviously impressed by the deep plush seats, air-conditioning and quietness of the six cylinder engine.

"How much did it cost?" he asked, in that direct way Americans have.

I had been anticipating the question.

He had been silent since the start of the journey but it had been one of those silences that spoke louder than words.

I had seen him stroking the seat, then casually squeezing it as one might test the freshness of a loaf.

Twice he had turned in his seat to look at the back of the car and I noticed that on both occasions his returning gaze had lingered on the sun-roof above our heads.

As the car negotiated the rush hour traffic, he settled back in his seat and stretched his legs, extending his toes as if to test the leg room. A second or two later he turned to me and asked his question. We had a long journey ahead of us and I felt a little gamesmanship might pass the time.

"How much did it cost?" I echoed. "Why don't you try and guess?"

He smiled. "I've no idea how much Volvos cost."

"No, but you know how much your own car cost– if you get within £500 of the price, I'll buy dinner tonight."

He had sat up, interested in the game.

"Right," he said, "I'll need a few clues."

He took from his pocket a small notebook, beautifully bound in calf leather and a black Mont Blanc pen. He was, apparently, no stranger to quality.

"Well, the car is the Volvo 264 GLE" I began. "It's the best 4-door saloon car that Volvo make."

I felt rather vainglorious positioning it in this way, but to be fair, it seemed a piece of information he should have.

"It has a 2·7 fuel-injected V6 engine with an output of 148 bhp," I continued.

He looked up from his notebook and smiled. "It's very quiet," he said. "Very quiet."

We had by now reached the motorway and I slid my window up as we settled down to the long drive ahead.

It was a warm muggy evening and I blessed the fact that the car had air-conditioning.

"Is that an extra?" he asked as the air around us magically became cool and comfortable.

"No," I said. "It's a standard feature. I won't give you all of them or you'll get writer's cramp– but you ought to know the main ones."

He chuckled.

There was something about him that reminded me of Spencer Tracy, but I resisted the temptation to tell him so.

"The ribbed-velour seats are standard, so are the power steering, electric windows, steel sun-roof and tinted glass."

I hesitated for a moment, then went on with my list. "Metallic paint, electrically operated door mirrors, headlamp washer/wipers, tachometer, a heated driver's seat..."

He interrupted and asked me to slow down. "Not the car, just the description," he added.

The motorway was now almost empty of traffic and the evening's humidity had turned to rain.

I always enjoy driving in the rain. The Volvo sits full square on the road and one wafts past slower traffic with almost feudal disdain. Of all the cars I've owned, none has made me feel more secure on a long journey.

"I'm ready for more dictation, sir." He had put on the accent of the young Judy Holliday and I began to look forward to an amusing dinner.

"Right," I said. "Just a few more I think." He looked up, pen at the ready.

"You get stereo speakers in the front doors, sun blinds on the rear window, head restraints on the rear seats, lights in the engine, glove box and boot, a clock, cigar lighter, radial tyres, fog lights, etc. etc. etc."

I delivered this last inventory in one breath and after a while he gave up the attempt to write them down.

"I get the picture," he said. "It's a very well-equipped car."

"Do you want to make a guess at the price?" I asked.

"Just two more questions," he said. "I assume you're talking about the price for the automatic model?" I nodded.

"And I'm taking for granted that all the usual Volvo safety features are built in."

"All present and correct," I answered.

He screwed up his face as if pained by the process of thinking. He felt the seat again; needing it seemed, a final confirmation of quality.

"Okay," he said. "I'd say you couldn't get this package for less than £11,000."

It was difficult to keep the satisfaction out of my voice.

"It costs £8,827," I replied.

He was silent for a moment, but only for a moment.

"You can still buy me dinner," he said. "If that's all you paid for this car, you can afford to."

I couldn't argue with him. The Volvo 264 GLE.

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THE PROPERTY MARKET BY CHRISTINE MOIR

Cedar Holdings showpiece on the market

THE 15-STOREY office, shops and flats complex at 65 Buckingham Gate, London SW1, which Cedar Holdings was building as its showpiece at the time of its crash in 1975, is now discreetly on the market.

The institutional consortium PECU, which owns the building, advised by Mr. Peter Winfield, senior partner of Healey and Baker, is known to be considering offers at the moment.

PECU is an acronym for the Phoenix Assurance, Electricity Supply Nominees, National Coal Board and Unilever pension funds. These four provided an £80m rescue package for Cedar in April 1975.

Part of the arrangements involved PECU's purchasing the Buckingham Gate development—then merely a hole in the ground—for £1.5m, the value put on the work as it stood by Jones Lang Wootton and H and B.

The complex has now been finished and fully let for three years. It comprises 50,000 square feet of air-conditioned offices let to Rolls-Royce on three-year reviews of which the first is due in September. There are also nine shops on the ground floor and 50 flats on the top seven floors. The flats have already been sold to an Arab company.

On the current rent roll of £650,000, given the imminent rent review and the exceptional standard of the fittings, the building is considered to be worth upwards of £16m.

PECU also acquired, as a result of its rescue package, a portfolio of properties which Cedar had assumed when it took over Amalgamated Securities for £23m early in 1973. The time has come for the consortium to consider unwinding that portfolio as well. "Acceptable" offers might be in the region of £16m.

● The Hampshire County Council pension fund has paid £775,000 for 9,250 sq ft of shops on Listergate in Nottingham, a price which reflects a yield of 4½ per cent and fully justifies the latest figures from Healey and Baker which show retail property at the top of the popularity poll on yields as low as 4½ per cent.

In the Nottingham purchase Richard Ellis acted for the county, and Herring Son and Daw for the vendor. Two units are involved: the major one, 6,000 sq ft on basement, ground and three floors, is let to the Burton Group trading as Evans Outsize; the other unit is let to Rumbelows.

Valuation draft agreed

EUROPEAN property men seem well advanced on a programme for a common basis of valuation. The European Group of Valuers, under its chairman, Mr. S. G. Engelsman, of the Netherlands, met on Tuesday and approved the English draft of "The Basis of Valuation."

It is now being translated into the six official Community languages.

In addition, the group began detailed discussions of a common valuation certificate for the EEC as well as a common method for measuring buildings, and a common definition of an asset valuer.

The permanent chairman of the group is Mr. Norman Bowie, who has also led the work undertaken by the Royal Institution of Chartered Surveyors to define the different methods of valuation employed in England, and lay down the standard approved practice.

With the increasing penetration of European developers and investing institutions in each others' countries, a common European standard has become vital and the efforts to produce this are being supported by the respective governments.

● The RICS has told the Government's Property Advisory Group that if development is to continue at a steady pace without booms or shut downs, Development Land Tax, Office Development Permits and Industrial Development Certificates should be abolished. They are neither necessary nor desirable.

Rail funds buy £30m properties in spite of 'thin' yields

MR. JOHN MORGAN, general manager of the British Rail pension funds, believes property yields today are "thin," but that is not deterring him from buying in the market where opportunities present themselves.

Right now the BR funds are completing deals worth between £25m and £30m, which will take the total property portfolio up to £170m.

In spite of this activity, property investment by the funds is slightly under target—less than 20 per cent of the total book value compared with a target of 25 per cent.

But Mr. Morgan is in no hurry to fill the gap. He has no intention of forcing the pace of the market or lowering his standards of selectivity and is prepared to be beaten to investment purchases by other funds with either a narrower base to their portfolios or, as he puts it, "a more aggressive buying policy."

Agricultural land — all tenanted—accounts for about 6 per cent of the portfolio and is proving an impressive performer. Valued at £10m, it represents fairly active buying in the three or so years the funds have been in that market.

The level of yields achieved by shop properties is causing Mr. Morgan concern. "In some cases they imply a tremendous level of growth in rents and, therefore, in turnover by the retailer."

This point also is raised by Mr. Will Martin, the property analyst of the stockbrokers Quilter Hilton Goodison. In the firm's annual property review he notes that the level of rents achieved in Oxford Street, for example, suggests a level of turnover which can be sustained only by very efficient fast-turnover multiples.

He also is concerned that the general election could be followed by a "credit squeeze," with adverse implications for consumer spending and hence shop rents.

That possibility aside, a continuing forecast fall in supply of shops should, he believes, continue to fuel buoyant rents over the next two years. Beyond that, however, consumer spending is forecast to slow to the pace of the economy generally—a growth of 2 to 2½ per cent per annum.

After 1980 the supply of shops should increase (some agents believe it may double), so the two factors combined suggest an easing off in the rapid rise in shop rents.

Quilters predicts an excellent outlook for property companies for the next few years with the prospect of strong rental growth backed up by clean balance sheets. On the other hand the broker believes that yields have reached their bottom and may even float up by ¼ per cent or so in the next few months.

This view, which coincides with Mr. Morgan's, is shared by Mr. David Donald, general manager of Standard Life, whose annual report was published this week.

However, the fund managers' paths diverge when it comes to defining an appropriate course of action. The unattractiveness of yields on completed investments has led Mr. Donald to a policy of direct development. Standard Life's property portfolio has climbed during the year from £344m to £438m, with a significant contribution from new developments coming on stream. For instance, 20 per cent of the UK properties, by value, is in Scotland, largely through developments ranging from industrial estates to a major shopping centre for Stirling.

British Rail's pension funds, by contrast, have less than 10 per cent of their investment tied up in development and then little is truly speculative. Most of it is in forward commitments on industrial schemes where the purchase depends on the developer's success in letting.

● Richard Ellis is asking £15 a square foot for Sun Life's refurbished office block in Cheapside in the heart of the City. Already two banks have taken 45,000 square feet (6,500 square feet of it basement storage) in the 110,000 square feet building where refurbishment has just finished. Leases are for 20 years with five-year reviews and each floor offers a minimum of 16,500 square feet.

Rent moves explain industrial pattern

THIS WEEK'S postbag brings further confirmation of the strength of industrial rents; few recent lettings of new accommodation in the best locations have been at less than £2.30.

Such potential explains and underlines investment deals at yields of as low as 6.5 per cent. These are largely occurring where the rental base is currently around the £1-£1.50 range.

One such example is reported by Savills which arranged the sale of the Dunlop Rubber's warehouse in Tovil, Maidstone in Kent. The purchaser, advised by Drivers Jonas, paid over £½m for the property which amounts to a lettable area of 34,000 square feet producing rents of £35,000. The building was constructed in phases in 1966 and 1970, and rent reviews are at seven-year periods.

Where the rental base is higher — £2 and over — yields seem to be settling at around 7½ per cent as in the Allied Breweries pension funds' recent purchase in Hayes, Middlesex.

Advised by Debenham Tewson and Chinnocks, Allied has paid £400,000 for the freehold of a 16,500 square foot warehouse let to a subsidiary of General Telephone and Electronics of the U.S. The building, developed by Wilson (Connolly) Properties, advised by Picton Jones, is on the Pump Lane Estate about 1½ miles from the M4 near London Airport.

A similar yield is being forecast for a development site in Boyatt Wood adjacent to the M3 in Southampton which has just been acquired by Richard Ellis for Imperial Tobacco's pension funds. Letting agents, L. S. Vail and Weller, Hill and Hubble, will be asking £2 for the 51,000 square foot of warehouses and £3 for the 3,000 square foot of offices.

The speed with which institutions are snapping up good industrial developments is keenly spurring on building programmes. Furthermore, the size of the schemes is also increasing, although cautious phasing is still the order of the day.

Estates Property Investment (EPIC) is embarking on a £4.5m industrial and warehouse development on 12 acres in Cheadle Heath, south Manchester. Completion of the 200,000 sq ft involved should take less than 18 months as a substantial part has already been pre-let to Holt Lloyd International as a distribution centre for car hire.

Letting agents, Elliott Fifield and Weatherall Green and Smith, are not yet quoting rents for the other units but not less than £2 per sq ft is anticipated.

● The Paris office of Jones Lang Wootton reports the sale of the fifth floor of Tour Maine-Montparnasse on behalf of SCI Eurobureaux. The asking price for the 1500 square metre, fully let space was FFr 15m, and the purchaser, who paid close to this figure, receives a yield of 8 per cent, suggesting an average rent of around FFr 800 per square metre.

JLW points out that no further sales in the block are now likely, as from July this year the price would have to include a 16 per cent registration tax.

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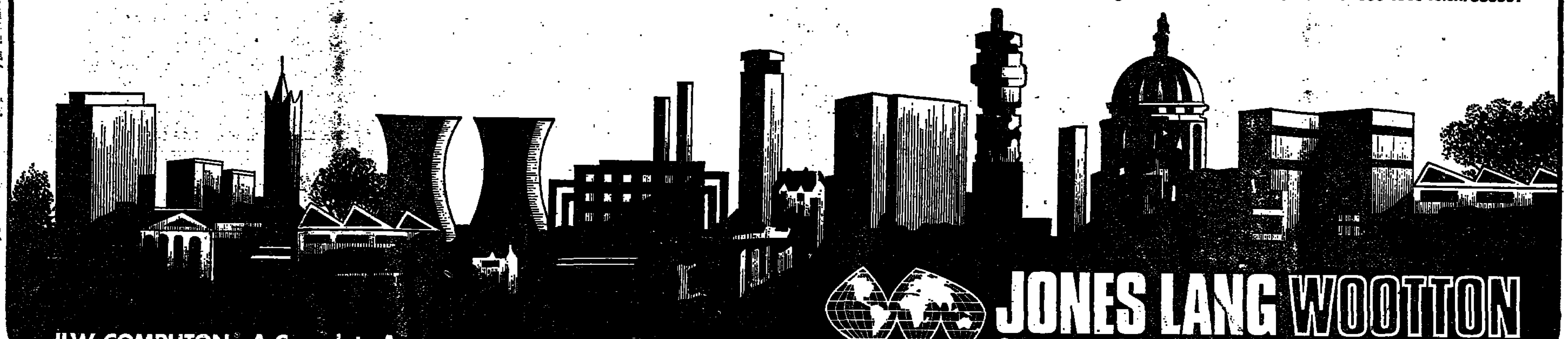

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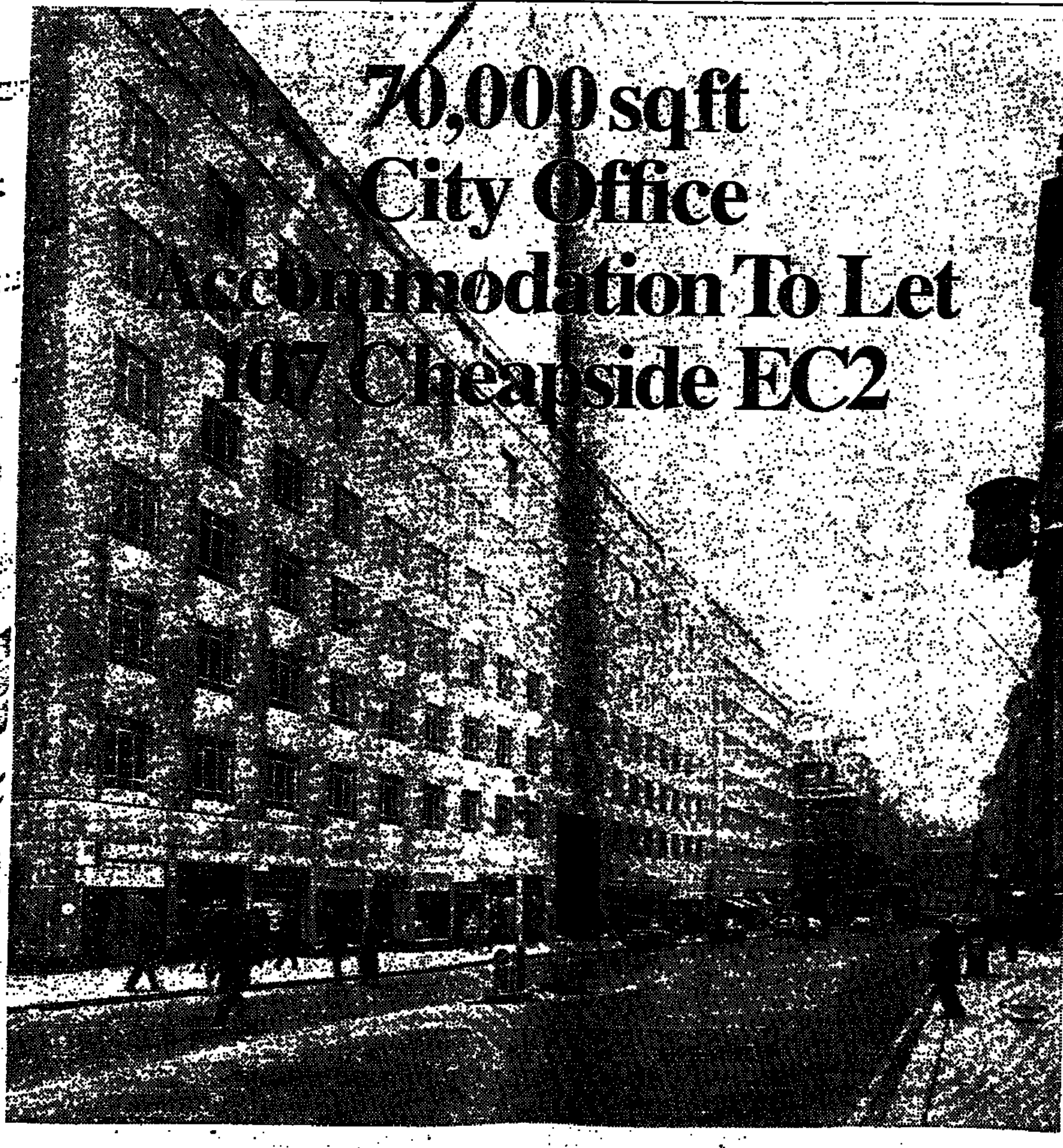

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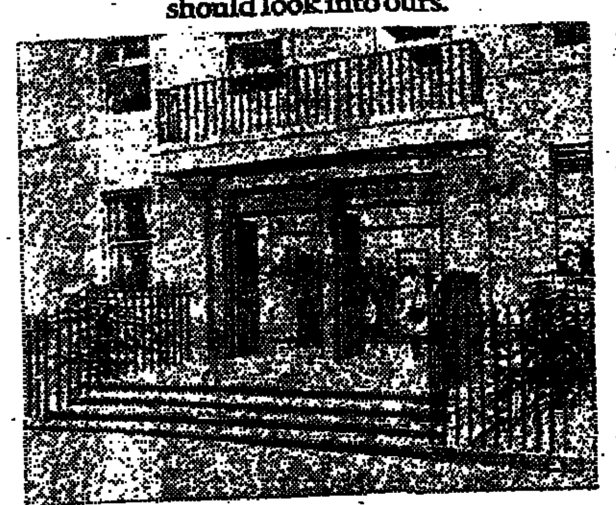

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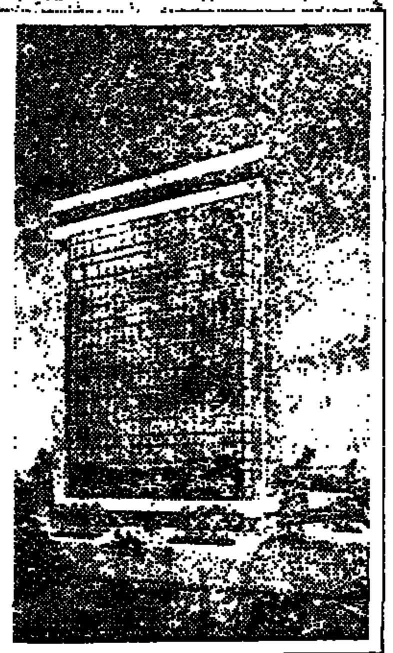

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Miners rule out industrial action to save pit

BY CHRISTIAN TYLER, LABOUR EDITOR

NOTTINGHAMSHIRE MINERS have voted overwhelmingly against taking industrial action aimed at extending the life of one of the area's pits.

By 16,778 to 6,387 votes in a pithead ballot they rebuffed the ... leadership's campaign to stop the National Coal Board shutting Teversal pit in 1981.

On a 70 per cent poll, the only branch to vote for action was Teversal itself, where the figures were 384 to 79.

The result means that the National Union of Mineworkers will not now put the issue to a national ballot, and will not stand in the way of the redeployment of Teversal's 550 workers.

Although this predicted result is a setback for the union, it was not seen yesterday as the signal for a run of closures, either by the NCB or by Mr. ... Clarke, outgoing president of the Notts area of the NUM.

But it comes at a time when the board is looking to close a number of pits: Woodhorn in Northumberland, Walton in West Yorks and Deep Duffryn in South Wales, where the threat of further closures is causing most union anxiety. ...ville colliery in Shropshire closed this week, Hylton in Co. Durham is trying to prove it can survive, and the future of Nantgarw coke works in South Wales is also in doubt.

Mr. Clarke said last night that he did not think the Teversal result was necessarily a bad sign for the rest of the industry, even though the commercial case for taking out the rest of Teversal's 2.6m tonnes of reserves seemed a good one.

The coal board is not treating Teversal as a test case of miners' attitudes towards closures, and says it will continue to argue each closure on its merits.

Among the reasons advanced for the Notts miners' decision were that the board had guaranteed jobs for the men nearby and no dislocation was involved, that transfer payments of £600 rising to £1,200 per man were offered, and that many of the Notts miners are "migrants" already inured to closures.

Today the NUM executive is expected to put out to ballot the £72.5m pay offer from the Coal Board, with a decision to divide the money evenly at £8.40 a week. Mr. Joe Gormley, the NUM president, who last week urged the executive to split the money in such a way as to widen differentials between underground and surface workers, said yesterday he would not be pressing that in the light of area decisions this week.

Further support claimed for hospital action

BY OUR LABOUR STAFF

UNION LEADERS in the hospital services yesterday claimed wider widespread support for the action over pay by members of the National Union of Public Employees. This was in ... of a return to normal ... ing by members of the Confederation of Health Service Employees ... reports of some members ... against union policy to maintain emergency services ... given by the union as Mr. ... Ennals, Health and Social Services Secretary, gave health authorities the go-ahead for maintaining essential services.

"I have told health authorities that they may now invite members of the public to use volunteers to keep essential services going," Mr. Ennals said during last night's Commons debate on nurses' pay.

The National Union of Public Employees has refused to join other unions in the health service in calling off action.

"It said yesterday that action had been extended in most areas,

NGA sued over its ban on adverts

AN ACTION against the National Graphical Association over an instruction to members not to handle material from companies which advertise in the Nottingham Evening Post began yesterday, and will continue today.

Six national newspaper groups are seeking an injunction restraining Mr. Joe Wade, general secretary, sued on his own behalf and on behalf of the NGA national council, from inducing members to breach contracts of employment by refusing to handle or use material provided to the newspapers from a list of organisations.

Newspaper groups involved are Associated Newspapers, Express Newspapers, the Daily Telegraph, Mirror Group, News Group and the Financial Times.

The advertisers named in the writ are: Boots, Debenhams, Derbyshire County Council, Darley Dale Furnishing Stores, East Midlands Electricity, East Midlands Gas, Fields Aircraft Services, Mansfield Hosiery Mills, Marathon Knitwear, Nottingham Health Authority, Severn Trent Water Authority, Nottingham City Council, Pork Farms, Times Caravans, Trust House Forte and Walker Walton and Hanson.

Members of the NGA and SLADE, the process workers union, are refusing to handle in other newspaper offices material from organisations which are continuing to advertise in the Nottingham Evening Post. The two print unions have been involved in a long dispute at Nottingham following the introduction of computer-based new technology and a separate National Union of Journalists dispute is now in progress there.

Boots, which has had advertisements in national newspapers blacked this week because it had advertised in the Nottingham newspaper, said yesterday that it was going ahead with separate injunction proceedings.

Mr. Michael Latham, Conservative MP for Melton, has tabled a Commons motion regretting that the two print unions were refusing to allow the Leicester Mercury to print East Midlands Gas and Severn Trent Water Authority advertisements because they also advertised in the Nottingham Evening Post

GMWU attacks EEC proposal for 45% shipbuilding cut

BY PAULINE CLARK, LABOUR STAFF

THE GENERAL and Municipal Workers Union, one of the biggest unions in the shipbuilding industry, gave a warning yesterday that EEC plans for a 45 per cent cut in shipbuilding capacity were "provocative and totally unacceptable" to trade unions.

In a letter to Mr. Roy Jenkins, president of the EEC, the union urged consideration of a series of alternative measures to combat the crisis in the Community shipbuilding industry.

These included diversification of shipyard production, further development of maritime technology, an effective scrap-and-build policy and introduction of the shorter working week with limits placed on overtime.

The union has backed its proposals for an alternative strategy that would preserve jobs in the industry with a detailed report on the social impact of large-scale redundancies in British shipbuilding.

Its report has recently been produced by the union on behalf of the Confederation of Shipbuilding and Engineering Unions because of its membership link with the CSEU and the European Metalworkers' Federation—a sub-group in the international organisation.

The union reports on the impact of British Shipbuilders' policy of a reduction of 12,300 jobs in merchant shipbuilding in the UK as "disastrous and counter-productive." The damage is seen both in terms of social effects in shipbuilding regions where there is already high unemployment and of provision for the future needs of the market.

The re-employment prospects of any workers being made redundant are of paramount importance, the union argues, pointing out that some 45 per cent of the workforce are aged over 45, and 22 per cent over 55 and face difficulties in finding alternative employment.

It also draws attention to the problem of 90 per cent of shipbuilding employment being concentrated in three regions of the UK where male unemployment rates are well above the national average. The cost of an "average" redundancy to British Shipbuilders and the Government in the first year is estimated at almost £3,000 more than the cost of maintaining a shipbuilding worker in employment.

The unions urged Mr. Jenkins to develop immediately a comprehensive Community maritime strategy based on the unions' proposals for alternative measures.

Three-point plan to attract women into engineering

BY ALAN PIKE, LABOUR CORRESPONDENT

THREE INITIATIVES to attract more women into engineering were launched yesterday by the Engineering Industry Training Board.

In 1979-80 the board will be offering:

● Up to 250 special grants of £5,000 to companies which recruit extra girls to train as technicians or technician engineers in addition to their normal trainee intake.

● 50 undergraduate bursaries of £1,500 each for young women reading engineering on a degree course which is approved by the Council of Engineering Institutions and is of "major interest" to manufacturing industry.

● "Insight 79," a one-week residential course at Loughborough University in July which will help sixth-form girls studying mathematics and science subjects to decide whether a career in engineering would suit them.

Lord Scanlon, chairman of the Board, launched the programme in London yesterday, accompanied by a sample of women who are making a successful career in the male-dominated industry.

Despite these individual successes, however, he pointed out that in Britain only one in 500 people qualifying as professional engineers are female, compared with one in 50 in the U.S. and one in 60 in West Germany.

"The engineering industry at present is not getting an adequate share of the best young brains from the schools and universities," he said.

There had been a prejudice among parents, schools and even trade unions, against women entering engineering, admitted Lord Scanlon.

The image of the industry and its career structure were not always sufficiently attractive but this should be used as a spur for improvements rather than as an alibi.

Better BL pay scheme demanded

A LEADING transport union official yesterday issued a new warning to BL management over pay bargaining, and forecast a possible breakdown of centralised wage negotiations.

Mr. Grenville Hawley, national automotive secretary of the Transport and General Workers' Union, said that time was running out for BL management to produce "a rate for the job in all its factories." He warned that failure to do so would see the collective all-plant bargaining system crumble by the summer.

The conference discussed imports of foreign cars, particularly from Japan and the EEC.

● Toolmakers who have been on strike at the Llanelli car body pressings plant are to go back to work today. About 120 were involved in the stoppage which began on Tuesday and followed the refusal of some employees to move from one part of the factory to another. They had been warned that if they did not resume work this week their jobs would be considered vacant and advertised.

FOOD PRICE MOVEMENTS

	March 15 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,090	1,140	1,140
British A.1 per ton	1,035	1,065	1,110
Irish Special per ton		1,065	1,110
Ulster A.1 per ton‡	1,035	1,065	1,110
BUTTER			
NZ per 20 kg	14.11/14.24	14.11/14.24	13.40/13.53
English per cwt†	81.65	81.65	81.65
Danish salted per cwt†	83.00/86.02	83.10/85.85	82.00/83.72
CHEESE*			
NZ per tonne	1,300	1,255	1,230
English cheddar trade per tonne	—	1,455	1,455
EGGS*			
Home produced:			
Size 4	3.35/3.50	3.40/3.60	3.15/3.70
Size 2	3.60/3.70	3.60/3.80	3.90/4.20
	March 15 p	Week ago p	Month ago p
BEEF			
Scottish killed sides ex-KKCF	54.0/58.5	54.0/59.0	54.0/56.0
Eire forequarters	38.0/42.0	39.0/42.0	43.0/46.0
LAMB			
English	56.0/62.0	55.0/64.0	54.0/60.0
NZ PLs/PMs	48.0/49.0	48.0/49.0	48.0/51.0
PORK (all weights)	35.0/45.5	34.0/45.0	35.0/45.0
POULTRY			
Broiler chickens	37.5/39.0	37.0/38.5	37.0/38.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery March 17-24.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PACKAGING

Bulk milk supplies in big bags

UNDERLINING THE fact that we are fast becoming a plastic world is the news from Bennetts's Dairies of Worcester that schools, hospitals and hotels will no longer receive their bulk milk supplies in conventional churns. The latter have been replaced by three gallon capacity plastic film packs from Bowater Liquid Packaging Division, Princess Way, Team Valley Estate, Gateshead, Co Durham NE11 OUT (0632-877181).

Bennetts's use of Portabags has enabled the disposal of a cleaning equipment and churn store in order to utilise the space saved to build an extension to its dairy, and the provision of a much needed new driveway. One man formerly employed in the washing plant had also been redeployed, resulting in a saving of over 21 hours per week in his labour.

Apart from the need to free valuable space devoted to cleaning churns, a major consideration prompting the choice of the plastic bags, says the dairy, was its desire to improve the standard of hygiene and presentation of bulk milk supplies.

Churns were often returned to base with milk curdling inside them which necessitated scrubbing them out by hand before they entered the cleaning plant. This was not only an unpleasant task, it also slowed down the whole cleaning operation.

New containers are supplied flat, occupy minimal space, and a three-gallon pack weighs less and is much easier to handle than a conventional five- or ten-gallon churn. These benefits are much appreciated by delivery men and customers alike.

Pack consists of a clear polythene bag, and an outer coloured overbag to keep the inner one clean during delivery.

Simplicity in use is another quality. A spout fitted to the inner polythene bag is locked into either of two specially shaped holes in the container. Topmost hole is used for pouring, while the bottom one dispenses by way of a tap.

Customers are supplied with a special bucket-shaped container in which the plastic bag is placed for discharge of the liquid — so, at no time, does the milk touch anything but its inner bag, thus guaranteeing purity of the product, and disposing with any washing up problems.

● COMMUNICATIONS

Phone traffic control

PROVIDING CONNECTION for between 100 and 760 extensions and up to 96 exchange or tie lines, the IBM 1750 can offer the smaller company or organisation communications advantages and cost control facilities similar to those available with the larger 3750 which IBM has been marketing for some years.

Potential benefits stem from the program control of the IBM 1750, which, by providing over 80 different aids for handling voice and data traffic, can save time in giving and receiving information.

Flexibility of programming means that facilities can be allocated to extension users according to needs, and easily modified whenever necessary.

Staff reorganisation is easier and less costly, as extension numbers are moved electronically from one telephone to another — minimising need for wiring changes. As aids to efficiency and cost control the IBM 1750 can provide a variety of reports: calls made by extensions; telephone traffic at certain hours; equipment usage; authorised attempts made to enter secure areas.

With the 1750, push-button telephones can be used as simple data entry terminals. Users can record their daily applications, a range of specially designed badge reading and keyboard terminals can be connected to normal telephone extension lines.

Television monitors connected to an IBM 1750 can help secretaries by displaying whether telephones in the department are busy or free; the number of a calling extension, or the extensions that called in, but were not answered owing to staff absence.

The 1750 was developed at IBM's laboratory in La Gaude, Nice, France. Manufacture will be at IBM's Montellier and Bordeaux plants.

First customer shipments are scheduled for January, 1980.

IBM United Kingdom, 101 Wigmore Street, London, W1H OAB. 01-935 6600.

Callers can be seen

MADE IN Italy by Lastema s.a. and available in this country from Kent Video, 8 Sundridge Parade, Plaistow Lane, Bromley, Kent BR1 4DT (01-464 3368) is a closed circuit video-telephone system for use in office developments, blocks of flats or private homes.

Visitors' calling unit at the main entrance consists of the usual annotated push-buttons together with a camera and loudspeaker behind the fascia panel.

When a specific button is pressed the corresponding occupant is alerted and the image of the caller appears on an eight inch television tube mounted in a desk-top unit which also carries a handset.

The occupant is able to see the caller without declaring his own presence and need not converse unless he desires. The connection remains for a time that can be set internally between one and two minutes. No other caller can operate the unit during that time.

● HANDLING

Less risk of damage

PRODUCT SPOILAGE can now be reduced with a range of Spiraflow chutes for the bunkering and storage of friable minerals, claims R. Horsfield and Co., 55 Black Bull Street, Leeds LS10 1HS (0532-453296).

Chutes are manufactured in two sizes: 1.5 metre diameter, 2.5 metre pitch, 500 tonnes per hour capacity; and 1.8 metre diameter, 3.0 metre pitch and 700 tonnes per hour capacity.

Segment materials are available in 25mm and 38mm cast iron, or can be lined with cast basalt to give a life expectancy from 1½ to 8m tonnes.

Following a period of initial adjustment at the feed point, a specially angled inlet chute encourages a uniform flow to feed the mineral smoothly on to the steep profile of the spiral track.

Spiral track itself is designed to permit a steady downward flow at a uniform angular velocity, thereby allowing maximum throughput of product without spillage over the outside edge or down the centre of the spiral. At the unloading point, small materials act as a cushion for larger ones.

When used for stockpiling, the mineral forms its natural angle of repose at the track centre and eliminates free fall. This maintains maximum product size and prevents dust hazard.

Supporting structures for the chutes are purpose-designed to suit each installation and, where necessary, the company undertakes to incorporate chutes into existing schemes.

● MAINTENANCE

Cleans long walls fast

A MOBILE unit that enables tunnels and underpasses to be cleaned without restricting traffic flow has entered service with the British Airports Authority.

Supplied by General Descaling Company, it operates in the mile-long Heathrow airport tunnel, three to four times a week. It differs from other equipment by washing the walls and roof—with a water/detergent mix—while it is travelling at speeds up to 15 mile/hour. Normal traffic movements can be maintained during cleaning. The vehicle usually takes about 20 minutes to clean each side of the tunnel.

Built on a Ford D1210 chassis, with power-assisted steering, the unit incorporates a 1,250-gallon capacity water tank and a 50-gallon detergent tank. Jointly, these give capacity for nearly 30 minutes cleaning at full flow. Power for the reciprocating water pump, which is capable of delivering 45 gallons/min at 1,250 psi, is provided by an auxiliary four-cylinder diesel engine.

Special detergent is added to the water during operation and the mix is discharged to the tunnel walls through spray booms on each side of the cab. Each boom has 22 spray heads, and its top section can be pivoted hydraulically to wash the tunnel walls up to 13 ft 6 in high, the walkway and a section of the roof. Flow can be cut-off to either boom from the cab console, which also controls the boom positioning, the auxiliary engine, detergent usage, etc. Roller shutter doors protect the pump, engine and controls from the detergent mix.

An automatic cut-out stops the auxiliary engine when the water level falls to 100 gallons, and a system for circulating anti-freeze through all pumps and hoses at the end of the day.

General Descaling, Retford Road, Worksop, Notts. S80 2PY. Worksop 3211.

● DATA PROCESSING

Recording the changes

IT IS an indication of the development rate of equipment for computer output on microfilm (COM) that few of the machines offered when the last edition of G. G. Baker Associates' guide was published in 1975 are on the market today.

The 1979 edition—still offered at £5, as was the first in 1971—lists some 40 models of COM recorder offered by 18 companies, most of them U.S. based. It combines the advantages of a textbook and buyers' guide, with about one third of the 208 218 x 135 mm pages devoted to a full explanation of the technology of COM, including a new chapter on software contributed by a Datagraphix expert.

About three pages are devoted to each model and there is a line drawing of each basic machine to give an idea of its appearance.

There are chapters on the background to the subject, microforms in use, mechanics, scanners, software, film processing, duplicating, costing, standards, and a glossary. COM bureau services in the UK are listed, with a selection of European ones.

Further details from the company at 54 Quarry Street, Guildford, Surrey (04868 6653).

Yet more on the board

USING microprocessor chips designed and manufactured in its own plants specifically for the purpose, Digital Equipment Corporation has developed what it claims to be the "world's most powerful microcomputer."

Value of the labels "mini" and "micro" in modern small scale computing becomes even more doubtful when it is realised that the new machine, LSI 11/23 (PDP 11/23 in boxed form), has the power of the company's 11/34 mid-range mini, but on one printed circuit board.

The machine also makes an interesting comparison with its micro predecessor in the same range, the LSI 11/2, with up to four times the memory, four times the number of interrupt levels and up to five times the speed.

Employing the full instruction set of the PDP 11/34 mini, the new micro is also able to run the company's RSX-11M and RSX-11S multi-tasking, multi-user operating systems, together with all the software developed for the existing LSI 11 family, including the RT-11 operating system and high level languages such as basic, Fortran 4 and Focal.

Using a 16-bit word length the machine has the same module size as the entry-level 11/2, so that updating would consist of no more than unplugging the board and substituting the 11/23; the new machine could then immediately run, says DEC, but at 2½ times the speed.

Up to 256k bytes of memory can be addressed by the 11/23, which makes use of the DEC "memory management" technique in which memory segments of from 32 to 8,000 words are employed, avoiding the allocation of large portions of memory to each user and improving the efficiency of the system. Memory access time is about 210 nanoseconds. Cycle time is 500 ns (290 ns in the central processor).

In its simple OEM board form the 11/23 costs £1,187 in quantities of 100; the volume price of the complete computer, PDP 11/23, is £3,038. First deliveries in the UK are expected to be in mid-summer.

DEC is at King's Road, Reading Berks. (0734 583555).

● CARTOGRAPHY

Keeps maps up to date

MADE BY Bausch and Lomb and available from Survey and General Instrument (Fircroft Way, Edenbridge, Kent, 0732 864111), the Zoom Transfer Scope helps solve a recurring problem for cartographers and surveyors—the updating of maps and charts.

The device works by optically comparing the old map with a stereo pair of an up-to-date aerial photograph of the area in question. By using the zoom adjustment the magnification can be changed so that the two images are superimposed. The operator can then add the new information, perhaps a new road, bridge or building, and can adjust contours and spot heights using the stereo facility.

Zoom range is 7:1, allowing the magnification to be adjusted from 0.6 times to 4.2 times: it is also possible to stretch images along any axis to counteract optical distortion in the stereo photos. The scanning stage can be moved horizontally through ±114 mm and vertically by up to ±135 mm.

● INSTRUMENTS

Fillip for tachometer

EVEN THE humble tachometer has been able to benefit from application of the microprocessor in a new model announced by Russet Instruments, RIL House, Sheen Park, Richmond, Surrey TW9 1UN (01-940 9981).

Made by Jaquet in Switzerland, these instruments can accurately measure and display any quantity which can be converted into a proportional frequency by means of a suitable transmitter; However, they do not use the customary counting principle, employing instead the measurement of time periods between events.

The micro handles all sequential and display control operations in addition to the calculation of values, with programs stored in a programmable read-only memory.

An advantage of the measuring technique is that it is effective at low frequencies: the total measuring and computing time is almost constant and is independent of transmitter frequency, measured parameter or measuring range.

One of the models is equipped with alarm limits set by thumbwheel switches.

● COMPONENTS

Enables a close look

WITH LOWER loss optical glass fibre, improved light sources and associated developments, longer ranges are becoming possible with fibrescopes.

Latest from P. W. Allen and Company, 253 Liverpool Road, London N1 1NA (01-609 1102) offers flexible lengths ranging from 38 to 98 inches together with end tip articulation of ±120 degrees. The system, designated FS-4201, can be threaded through a series of bends, elbows and Y junctions as well as though passages containing irregularities and obstructions.

Articulation is via a two-way rotary control mounted in the handle and a further knob enables the subject to be brought into short focus over a range of viewing distances.

These equipments are intended for viewing otherwise inaccessible regions in boilers, heat exchangers, castings, engines and similar products in manufacture, inspection or fault diagnosis.

Illumination is by an 80 watt quartz iodine lamp the output of which is piped to the head via a fibre bundle.

To special order, versions up to 15 feet long can be supplied.

Insulation of pipe runs

FOR electrical insulation of sections of steel or ductile pipeline in diameters between two and 12 inches (50 and 300mm), Termain of Stockwell House, Hinckley, Leics LE10 1HW (0455 32087) is supplying a new range of insulating joints.

Typically the requirement may arise where sections of differing metals have to be isolated for cathodic protection or other purposes.

The joint consists of two small sections of pipe of internal diameter similar to that of the pipeline. One section is flared to fit over the other over a length of about one diameter with sufficient clearance for a silicone rubber "O" ring to make a proper fit. The remaining overlap length is filled with epoxy resin, the adhesive grip of which is assisted by a knurled finish on the metal surfaces.

In the case of a steel-steel joint the remote ends are prepared for welding; a ductile end would be recessed to suit a Stanton and Staveley Stanlock fitting.

● PROCESSES

Big squeeze for drums

WASTE DISPOSAL problems are eased, and extra storage space gained, by the use of a new, enlarged heavy-duty drum crusher, says Portable Balers, Summit Works, Smith Street, Hockley, Birmingham B19 3EW.

Machine incorporates a 5.5 hp continuously rated totally enclosed motor, and has a large crushing chamber of capacity up to 36 inches high and suitable for drums of 19-inch diameter.

The crusher will flatten 1 cwt cyanide drums of varying sizes, larger drums, pails or kegs, round and square, reducing them to a thickness of about two to three inches in one operation. Alternatively, a number of small cans can be crushed in one stroke.

Unit is complete with all necessary accessories including overload protection, automatic return machine, safety switches and guards.

Sensors for use with diesels

ASEA is introducing two new sensors, a surface temperature sensor and a wear sensor, which are primarily intended for use in condition monitoring systems for marine diesel engines. They have made it possible to find answers to material problems that have hitherto been unsolved.

The surface temperature sensor has a very fast response. It measures the temperature of a surface within about 1 microsecond. The sensor has been developed to record the temperature of each piston ring in the cylinders of marine diesel engines. Because of its fast response, it is capable of measuring the temperature of each individual piston ring as this passes the measuring zone in the cylinder.

Such a fast temperature sensor can also be used with advantage in other applications. Typical examples are the measurement of the surface temperature of moulds in foundries, the temperature of flowing gases and liquids in cases where the flow configuration must not be disturbed, and in conjunction with the testing of new lubricating oils and bearing materials.

The sensor consists of a thermocople of type K (NiCr-NiA1). This consists of a rod of chromium nickel and a sheath of nickel, which are insulated from each other by a thin dielectric. The extremely fast response of the sensor is associated with the fact that the thermal mass in the "hot junction" is small. The contact between the rod and the sheath is created by the "burrs" arising as the measuring surface of the sensor becomes worn. In this way, the contact between the metals is continually renewed as the sensor wears. On delivery, the surface of the sensor has been ground with an abrasive.

Wear sensor outwardly resembles the surface temperature sensor. The difference between them is that the sensing element in the wear sensor consists of a thin-film resistor instead of a thermocouple. This resistor is made from a mixture of silicon oxide and chromium (cermet). As the sensor becomes worn, the physical dimensions of the resistor change and its resistance increases.

The measuring error is 0.006 mm maximum, which means that the sensor is very accurate. An exceptionally low temperature coefficient ensures that the resistance of the thin-film resistor is independent of the ambient temperature. The sensor has a measuring range of 3 mm and it can withstand a pressure of up to 60 MPa (600 bar).

This device has been developed for the measurement of the wear in the cylinder liners of marine diesel engines. Other applications include the wear monitoring of large journal and sleeve bearings and other surfaces subject to friction.

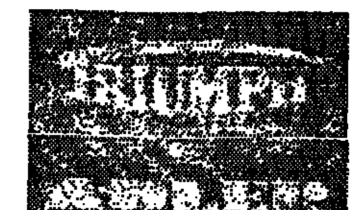
These two new sensors are included in ASEA's system "Cyldet CM" for the condition monitoring of marine diesel engines. This system is built up from modules in the alarm system ALSY-S and the microcomputer-based digital system DS-8.

ASEA (UK), Villiers House, 41 Strand, London WC2N 5JX. 01-930 8411.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

After the abortive attempt to capture Nixdorf, VW takes over Triumph-Adler. Max Wilkinson reports



Volkswagen at last breaks out of cars

'HEN Volkswagen takes over ...ntrol of Triumph-Adler it may ...d itself being caught a lesson ... how to diversify out of ...echanical engineering into a ...nge of other industries.

Certainly, Triumph-Adler has ...en very successful in ...versifying out of electro-...echanical manufacture, mainly ...typewriters, into the un-...miliar territory of office com-...ters.

A decade ago TA's business ...s 82 per cent in traditional ...echanical engineering pro-...cts. Since then the position ...s been almost reversed, with ...ee quarters in what it calls ...ure systems, mainly com-...ter products, and only a ...arter in typewriters and ...ated equipment.

...olkswagen's general motive ...buying into companies out-...e its traditional business has ...en clearly stated on a number ...occasions. It wants to use ...ne of its cash hoard of over ...m to buy companies which ...l counteract the cyclical dis-...vantages of the automobile ...ustry.

Indicated

...everal times in the past year, ...lkswagen has indicated that ...has been looking mainly at ...capital equipment business. ...ree possible sectors were ...ned: process plant, ...chanical and electrical ...gineering. A typewriter com-...y moving into office ...ctronics does not obviously ...into any of these categories.

...owever, Volkswagen's first ...pletely public attempt at a ...e-over outside its own sector ...in the computer systems ...iness, when it tried last year ...gain control of Nixdorf, the ...bly successful small com-...er group. Talks collapsed in ...end because Heinz Nixdorf, ...founder and chairman, ...used to sell.

Volkswagen's interest in Triumph-Adler (TA) was probably aroused shortly afterwards when its owner, the U.S. group, Litton Industries, is believed to have let it be known that it was prepared to give up control.

Under an agreement announced last week, the nominal capital of TA will be increased to DM 80.5m ($43.5m) from DM 46m ($24.8m). VW will have 55 per cent, Litton, 19 per cent and Diehl, the German electronics group will increase its stake to 25 per cent.

Although no details have been given of the price which VW is proposing to pay, taking as a basis TA's quoted share price, the purchase may be costing VW something of the order of $300m, or less than 10 per cent of its available cash.

Triumph-Adler certainly satisfies one of the criteria laid down by VW's management for a possible acquisition. It is rapidly growing and reasonably profitable.

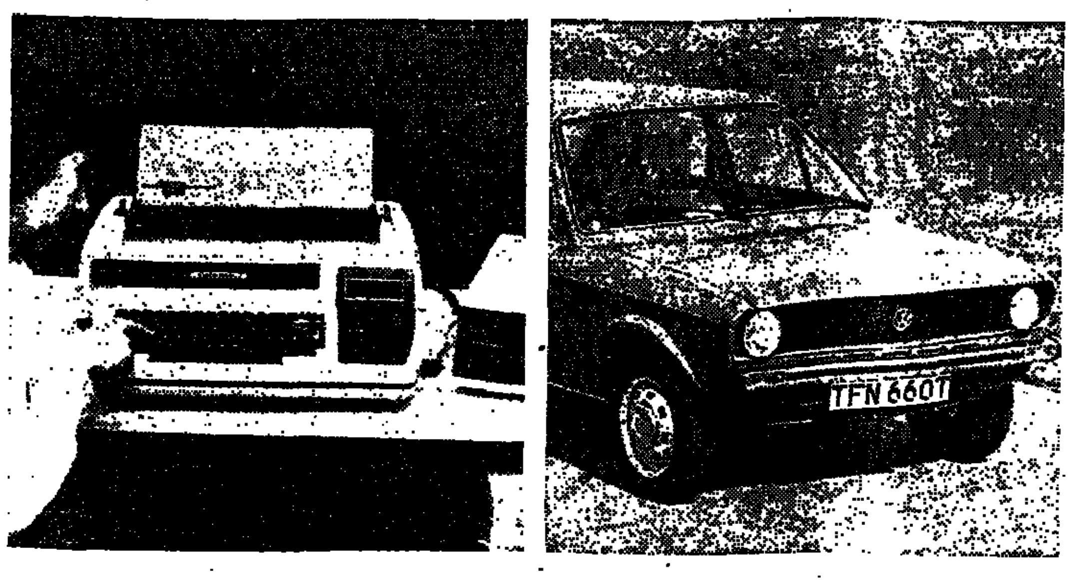
In 1969, when it was still developing its present range of office computers, total sales were DM208m ($112m). Last year's sales were almost exactly four times as high, DM 835m ($450m). Triumph-Adler's profit after tax in 1977 was DM 15.2m ($8.2m) which was an increase of 4 per cent on the profit for 1976.

That was the year in which Herr Max Grundig (owner of the Grundig television and audio business) decided to sell out to Litton Industries. Grundig had bought Triumph in Nuremberg and Adler in Frankfurt ten years earlier, when Grundig was itself more strongly committed to the office equipment industry through its dictation equipment suppliers.

The year after Litton bought the businesses, TA launched the first of of its new line of small office computers, the TA 10, a simple machine aimed particularly at customers who had never used a computer before.

It was then working on a larger machine which was to be called the TA100 and would put Adler into head-on competition with Nixdorf, Olivetti, Philips and other companies which were making small machines for accounting and other specialised purposes. More important, Triumph Adler was laying the foundations of its present strategy for moving into computer systems. This was based on the perception of a very important paradox in the development of office electronics.

It foresaw that the cheapness of electronics would first become a threat to mechanical products (as with simple calculators) but that eventually electronics would cost so little that the remaining mechanical parts of an office system would assume a greater technical and financial significance.



The Volkswagen Polo, latest in the line of VW small cars, will be joined by such products as the SE 2000 computer (left) when Triumph-Adler becomes part of the VW group

Herr Gerd Weers, chairman of the group, expresses the point like this: "The changeover from mechanical engineering to electronics is not the point. The computer of the future will have a large proportion of high precision mechanical components in it. And that is precisely where Triumph-Adler's skill lies.

Realised

"From our position in precision mechanics we could see that most of the computer would be made by us."

Adler realised, in short, that in the small office system, the printer, typewriters and other electro-mechanical units like tape and disc drives would gradually become more significant to the customer than the micro-electronics which drove them.

Mike Davies, general manager of Adler Business Systems (UK) echoes the point: "As electronics go down in price, the mechanisms become more important. The name of the game will be to produce the best mechanisms."

However, the production of excellent and reliable printers was not enough. Triumph-Adler has also had to invest heavily in the programming (software) needed for special applications in, for example, traffic and transport control, the building industry, the medical industry, breweries and general trade.

So far its largest single success has been the development of a ticketing system for the German railways. More than 5,000 units of its TA 100 small computer have been sold, for a total of between DM 150m ($80m) and DM 180m ($97m). A sample order has also been taken by the Dutch railways, which TA is hoping will lead to a similarly large order.

With the German railways' order production of the TA100 is now running at about 300 a month. A total of about 20,000 units has now been sold, and TA claims about 20 to 25 per cent of the installed base in Germany for this category of machine, claiming second place in this particular market to Nixdorf.

That sort of claim must always be treated cautiously because of the problems of definition. However, it is clear that Adler is now thoroughly established in the computer industry, mainly in Germany and the UK. It exports 60 per cent of total production, half the exports go to other European countries, half elsewhere. Including its small TA10 and the TA20 family which superseded it, TA's total computer sales now amount to a respectable 50,000 units.

However, even for a company which makes its own printers and has a good distribution network, the small computer market is difficult; it is crowded with large multi-national competitors, all of them under the lowering shadow of International Business Machines.

Its ultimate success in the small computer market is therefore not a foregone conclusion by any means, particularly in view of the growing competition from high technology companies in the U.S. like Hewlett Packard, Texas Instruments and National Semiconductor.

It is fair to ask, however, whether TA made a mistake in the early 1970s with its decision to develop business machines rather than developing automatic typing systems with magnetic memories — word-processors. In the event it had to go to another Nuremburg company, Diehl, to obtain the know-how for an electronic typing or word processing system.

As a result of a joint co-operation deal in which Diehl took 12.8 per cent of TA's shares a new "text-editor" was developed and launched by TA last year, called the SE 2000. This is a relatively simple and inexpensive machine with a magnetic disc memory. It will be followed quite soon by a more complicated series of communicating word processors.

It is too early to tell whether Adler's decision not to go into word processing earlier will have proved wise. Perhaps its arrival is a bit late, or perhaps it will have been able to avoid the mistakes of the first generation of products.

Pursued

Certainly, Adler pursued its declared strategy of developing its own electro-mechanical part of the system. During the early 1970s it spent a considerable part of its research effort on the development of a single element "golf ball" typewriter to compete with the IBM Selectric. This machine has now been in production for about two and a half years and is the basis of the smaller word processing system.

This development emphasises the continuing importance of typewriters to the group, both as products which can be driven eventually by electronics and as a way of keeping a strong presence in the office products distribution network.

In 1977, sales of the single-element typewriter (the SE1000) were increased by 44 per cent, for example. This compares with the 30 per cent increase in sales of computer systems, which, however, accounted for the major part of the group's total increase in revenues.

The rapid increase in the sale of golfball typewriters coincided with the decision by Litton Industries to transfer Royal Business Machines, the U.S. typewriter company, into the control of Adler. As a result, Triumph-Adler controls the worldwide marketing and production of the Royal/Imperial products as well as its own.

Adler estimates that it now accounts for 25 per cent of all European sales of electric typewriters and 10 per cent of the world market. In the manufacture of the single element machine, Adler says it is the second largest after IBM.

Typewriters can therefore be expected to provide a steady source of revenue for many years. However, a very large investment will also be necessary if TA is to keep abreast of the competitive office systems market. Most analysts agree that although the potential growth in sales of office machines is huge, companies will have to advance fast over a very broad front if they are to avoid being isolated and cut down by competitors.

It may be that this will provide VW with just the sort of investment and management challenge for which it has been looking. From a different vantage point in the electrical industry, Siemens in Germany and the General Electric Company in the UK are both preparing a heavy investment programme in office systems. GEC has indeed, made a similar move to VW's with its acquisition of A. B. Dick, the U.S. office equipment company.

The office market is therefore attracting big companies with big money to spend on developing a completely new range of computer based and communicating products. Triumph-Adler was going that way anyhow. Maybe VW will drive it there a little faster.

White collar productivity schemes

BY JASON CRISP

...ODUCTIVITY SCHEMES are ...in fashion — yet again. ...ile many of the current ones ...be of questionable effective-...it is undeniable that British ...ustry badly needs to increase ...fficiency.

...he introduction of produc-...y schemes for white collar ...loyees can be fraught with ...culties because of the prob-...s of measurement, applica-...and acceptance. And many ...agers also, rightly, believe ...trade unions may not be ...ing to embrace such ...mes.

...useful lesson on how unions ...t to white collar schemes ...be gleaned from a newly ...lished Oyez Intelligence ...ort in a chapter on the sub-...written by David Cockroft, ...d of research at APEX ...sociation of Professional, ...cutive, Clerical and Com-...er Staff).

"The first thing that any sensible trade unionist does when faced with the suggestion of introducing a productivity scheme of any sort, shape or size is to ask himself why it is being proposed."

Mr. Cockroft cites three main reasons. One is that a company may wish to pay out more money during a period of wage restraint and he reflects that if both parties are introducing a productivity scheme merely to hoodwink the Department of Employment then "it would be best to make it very complicated using indices which are difficult to measure and understand."

The second reason he says is that an employer may wish to take some of the heat out of the annual pay bargaining by trying wages to a measure of company success, "and thereby attempting to secure the union's own acceptance of a particular distribution between profits and wages."

"The third reason he gives is the most obvious and the one which he favours: to increase productivity and reduce unit costs."

Mr. Cockroft says it is nonsense to accuse trade unions of not being in favour of greater productivity—"as some managers and management groups sometimes attempt to suggest." The question unions are most concerned to ask is "greater productivity at what cost and to whose benefit."

There are four reasons why trade unions will suspect the motives behind white collar productivity schemes. They may detract from inadequate basic pay; they can result in "selling" jobs and sharing out wages, thus creating unemployment; they can divide one group of workers from another by concentrating only on jobs where output can be measured, leaving other jobs which are equally valuable to a company's performance out in the cold: and lastly they can be the result of an attempt to create an "artifical indentity of interest between employer and employee."

There are two main reasons for the growth of white collar productivity schemes says Mr. Cockroft. One is the growth of white collar unionisation and the second is the slow realisation that white collar productivity plays a crucial role in determining the total productivity of a company.

"It is beginning to be understood that efficiency—a more useful term than productivity anyway—is determined not by making people work harder, but by making them work more efficiently, and that is a function of morale, or organisation and of job satisfaction."

The biggest reason, though, that trade unions are reluctant to bargain on productivity or to loosen restrictive practices, says Mr. Cockroft, is because they fear they will lose jobs as a result. "Who can really dispel those fears in the current situation?"

When it comes to negotiating a productivity scheme, Mr. Cockroft warns managers against trying to "box clever" by keeping back information from the trade union representatives on the outcome of the scheme which would radically affect their attitude to it. "Unless agreement is reached on the basis of full understanding of the issues involved, with all the employees' representatives involved in the distribution of the fruits of increased productivity, then sooner or later the scheme will come unstuck."

One of the things which is most difficult to understand when talking to managers about productivity improvements at a company level, he says, is how they justify the assertion that they need to improve competitiveness in order to sell more, but they will as a result of improving productivity need to shed labour. "The fact that changing productivity affects both output and labour demand seems to escape them."

Oyez Intelligence Report on White Collar Productivity Payment Schemes, 48 pages, £60 from Oyez Publishing, FREEPOST, EC4B 4EB.

LOMBARD

Politics and British Steel

BY GEOFFREY OWEN

SIR RICHARD MARSH, who as Minister of Power in the Labour Government of 1966-70 was largely responsible for the steel nationalisation Bill, now believes that the British Steel Corporation should be "taken out of the political arena." In a speech earlier this week he said it was time the politicians left it alone, since "no one could seriously believe that it could be returned to the private sector."

Now it is perfectly true that with the industry in its present financial state denationalisation is out of the question. It is also true that the BSC has been subjected to too much political interference, under the Tories as well as under Labour. But that does not mean that politicians should be barred from considering possible improvements in the structure and organisation of the industry. The Government of which Sir Richard was a member refused, for party political reasons, to consider any alternatives to nationalisation: but that decision should not be binding on future governments.

Inter-trading

The BSC's immediate priority is to eliminate the losses and it would be wrong to distract the management from that task. But while the process of cost-cutting goes on, both the management and the Government, as shareholders, need to have a reasonably clear idea of what sort of structure should eventually emerge. As far as steel production is concerned, there is a strong case for giving the major manufacturing centres—Scunthorpe, Teesside, Sheffield and the rest—almost as much autonomy as if they were independent businesses, responsible for production, sales and profits. Putting this concept into practice is not easy; there is considerable inter-trading between the divisions and they rely on the BSC for a number of common services. But the obstacles need not be insuperable if there is the will to move in this direction.

In time it might be possible to float off some of these semi-autonomous divisions—Sheffield is the most obvious example—as quoted companies in which institutions and private investors would be invited to hold shares. Even if the Government, through the BSC, retained an equity interest, the managers of these quoted companies would not only be less vulnerable to political interference, but would also be freer to pursue an independent commercial strategy. For example, they might want to move downstream by acquiring steel-using companies, as the leading German steelmakers have done, and thus reduce their dependence on basic steel.

Similarly the new regional steelmakers might find it easier to negotiate rationalisation deals with private sector companies. There is scope for it, to avoid duplication and to make better use of facilities, and no doubt the BSC in its present form can and will cooperate with the private sector in this way. But the danger is that any substantial deal which the BSC itself attempted would run into a storm of political opposition, especially if it involved a transfer of assets from the public to the private sector.

The case for breaking up the BSC into more manageable units is based not on ideological but on practical grounds. Is it too much to hope that these practical arguments might appeal even to a Labour Government? The Prime Minister has been known to be critical of some of the large-scale mergers which took place during the 1960s and to believe that small and medium-sized enterprises are more likely to be successful. But perhaps mergers brought about by Labour Governments fall into a special category.

Long time-scale

As for the Tories, there are no easy political victories to be won in this field. The changes suggested here would have to take place over a long period, at least five or ten years—and that is a time scale in which not many politicians are interested.

BSC is difficult to manage because (a) it is very large and (b) it is owned by the Government and therefore subject to overt and behind-the-scenes pressure from politicians and civil servants. The disadvantages of the first can be offset in part by simplifying the internal organisation and that is already happening to some extent — but the second will only be overcome by a return to the private sector. It may take a good many years before the change can take place, but the objective should not be forgotten.

AROUND BRITAIN

ISLE OF WIGHT

Strength and adversity in diversity

FROM BEHIND the 15 feet-thick walls of a moated fortress atop the east downs of the Isle of Wight, Jim McMahon fires off busines ventures with the gusto of a military gunner.

McMahon, an Australian former motor mechanic who took an English holiday in 1950 and stayed, is one of the four founders of the Britten-Norman company which gave the world the Islander and Trislander aircraft, as well as two lengthy and complicated receiverships. The original partnership — of McMahon, John Britten, Des Norman and Frank Mann—has long since been dissolved. Britten is dead; Des Norman is trying to bring back to the island the Firecracker trainer aircraft project he started in a barn in the island village of Niton and moved to the mainland through lack of facilities; McMahon and Mann simply moved themselves, and the lucrative crop-spraying side of Britten-Norman's activities up a nearby hill to the fort which they leased from the National Trust after the partnership split up.

Today, through Micronair (Aerial) and Crop Culture (Aerial), McMahon's and Mann's agricultural aviation operations cover much of the world. In recent years they have diversified into land reclamation in the Virgin Islands, mini - submarines, vacuum-moulded banana baths for Jamaica, video display installations for telex terminals and a host more.

McMahon provides one of the best examples of the strong entrepreneurial spirit pervading this 110 square mile island and which is reflected in a remarkable diversity of innovative light manufacturing and engineering concerns lending strength to the island's economy.

The island is the cradle of the hovercraft industry. Quite apart from British Hovercraft Corporation, with 2,200 employees, both the island's largest employer and maker of the world's largest hovercraft, the Super-4, now plying the Channel for Seaspeed, two much smaller concerns are making — and selling — light hovercraft. In Cowes, the main industrial centre, boatbuilders rub shoulders with air-conditioning manufacturers, plastic injection moulders with turbine manufacturers, and heat exchanger makers with electronics concerns.

But in testament to a county council policy carried out over 20 years, industry is scattered also throughout the island: at Pembridge, home of Britten-Norman (now being taken over by the Swiss Pilatus aircraft concern) in the east; the small town of Freshwater in the west, at Ryde, Shanklin, Sandown and the island's administrative and geographical centre of Newport.

And within a bull's bellow of it all, a thriving agricultural community goes unperturbed about its business, and hotels, guest houses and restaurants gear up for yet another heavy season's tourism.

On the surface, therefore, the island is in a fairly enviable position: the wide mix of in-

BY JOHN GRIFFITHS

dustry is strengthened by the presence of larger companies such as BHC, Plessey's radar and other electronics operations, and Ronson.

While tourism has fallen from the peaks recorded a few years ago, this being at least partly offset by extending the season, and with estimated earnings last year of £65m, it matches industrial activity in its contribution to the economy. And although the numbers employed in dairy and arable farming have shrunk—to perhaps 1,000 out of the island's 36,000 workforce—it is efficient and earns almost as much for the island as either industry or tourism.

And yet, despite the so-far successful accommodation between industry and amenity, island planning officials are worried enough to take the unusual step in the South-East of seeking Assisted status from Whitehall. Meanwhile, it has launched its own initiatives to draw in new industry and to that end has been accepted as a special investment area by the Development Commission and is receiving aid from the Council for Small Industries in Rural Areas (CoSIRA).

The crux of the island's problem is three-fold: as with most tourism areas, seasonal unemployment presents difficulties. Last summer, the unemployment rate was about 5½ per cent, slightly below the national average but worse than the South-East's 4 per cent. But in winter it shoots up to nearer 10 per cent.

The problem is exacerbated both by its literal insularity, and its attractiveness as a place to live. The 110,000 population is being added to at the rate of 1,000 a year—all immigrants, and because estate agents and private builders naturally focus on the ready cash of the retired and almost retired, the proportion of those working to overall population is declining. It is 40 per cent now against a national average of nearer 50 per cent. "If we don't do something about it, we're going to drift down to 30 per cent," says Stan Greenen, the island's planning officer. Worse yet, there is a chronic public housing shortage: a waiting list of 2,000 encourages the island's young to acquire their skills and homes elsewhere.

The housing shortage also largely accounts for the anomalous situation that the island's main employers simply cannot get enough skilled workers. British Hovercraft takes on 40 island apprentices per year, but still cannot fulfil its demand for already skilled men, who predominate in BHC's operations as they do in most island concerns.

The county is encouraging local housing associations to accommodate key workers and wants at least some local authority allocations for them. "That in itself is a difficult situation to which we've not yet really found all the answers," admits Stan Greenen.

But officials know they must be found if their goals are to be realised of reducing seasonal unemployment, retaining the island's young through wider job opportunities—the target is to create 400 jobs a year split between manufacturing and service industries — and to achieve a yet better balance in both the structure and distribution of employment.

The job creation policies it has adopted—the country's structure plan received Government approval last week—have been meeting some success. The county itself has acquired and provided land for industrial developments at Cowes, Ventnor and Newport; it has provided buildings and financial help for new industry to move in and, where a really strong case can be made, is prepared to continue doing so. The county's active role as catalyst is certainly a factor in the close interest which the Development Commission and CoSIRA have been persuaded to take in the island.

But the island's planners are steering well clear of an "industry at any price" approach. Mindful not to injure, let alone kill, the golden goose of tourism, and mindful, too, of the late 1950s shakeout, it is seeking only to further the spread of small, light industries, and to encourage the services sector.

Nor is there any support for a physical link with the mainland, just a few minutes away by fast boat. Its cost would be out of all proportion to the size of the island's economy. In any case, Sealink and Red Funnel ferry services have been steadily expanded.

But there is another reason why most islanders actively oppose a land link. Except for the few weeks of high summer, the roads are uncrowded, the quality of life high.

"And that's the way we want it," observed one islander wryly, "as far as we're concerned the rat race stops at Southampton."

Stamina and sure-footedness will be essential at Chepstow

RACING

BY DOMINIC WIGAN

THOSE BACKERS who trod warily at Cheltenham, avoiding all but the few animals to relish mudbath conditions, could well make their activities at Chepstow pay this afternoon given similar self-control.

For although today's ground on the Monmouthshire track may not present quite as many problems as the bog-like conditions at Prestbury Park there is no doubt that stamina and sure-footedness will again be all-important.

Two unlikely to fail in either department this afternoon are St Cadwalader and Border Merchant, my idea of the two principals in the St. Patrick Chase. The first-named, a course and distance winner already but over the minor obstacles, proved that a race such as this could be well within his compass when ploughing through the mud at Newton Abbot last time out.

The Uplands seven-year-old foiled a substantial gamble on Queensland with a determined late run which carried him two lengths clear of the favourite close home.

The Richard Head trained Border Merchant, who is in receipt of 8 lb from his Lambourn neighbour, proved that a long absence had neither blunted his ability or enthusiasm at Fontwell a day before St. Cadwaladr's West Country success. In touch throughout in the 2½ mile Storrington novices chase Border Merchant finished third behind the race-fit market leaders, Some Story and Aloha Prince. In the belief that he will have come on a great deal as a result of that outing—his first in two seasons—I intend taking Border Merchant to wear down Francome's mount.

There are 65 left in the Colt-sponsored Grand National at Liverpool on March 31, but I have little doubt that we shall see a number of fancied runners falling by the wayside in the next 10 days. Several stables report coughing and Gordon Richards, in particular, is a worried man. Both Lucius, who won last year's race for the Penrith handler and Tamalin are under a cloud with the virus badly affecting his strength.

CHEPSTOW

2.00—Quiet Queen
2.30—Zarajeff*
3.00—Heriot
3.30—Border Merchant***
4.00—King or Country
4.30—Major Swallow**

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.30 For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Trumpton. 2.02 For Schools, Colleges. 3.53 Tellifant. 3.53 Regional News for England (except London). 3.55 Play School (As BBC-2 11.00 am). 4.20 Hong Kong Phooey. 4.30 Jackanory. 4.45 Wildtrack. 5.10 Excuse Me!

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 Tom and Jerry.
7.15 Wonder Woman.
8.00 The Dawson Watch.
8.30 The Other One.
9.00 News.
9.25 1979 World Figure Skating Championships.
10.15 Tonight in Town (London and South-East).
10.45 Regional National News.
†10.50 The Late Film: "No Time For Sergeants," starring Andy Griffith.

All Regions as BBC-1 except at the following times:—

Scotland—5.55 pm Reporting Scotland. 6.15-6.25 Conference 79: Report of today's debate from the Scottish Liberal Party. 6.25 Join BBC-1 (Nationwide). 10.15 Spectrum — Research and Destroy. 10.45-10.50 Regional and National News.

Wales—11.05-11.25 am For Schools (Let's look at Wales). 1.45-2.00 pm Sioncyn Sboncyn. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.30-8.00 Young Scientists of the Year 1979. 10.15 Kane On Friday. 10.45-10.50 Regional, National News.

Northern Ireland—10.23-10.38 am For Schools (Ulster in Focus). 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 6.20 Who Do We Appreciate? 6.45 Join BBC-1 (Nationwide). 10.15 St. Patrick's Eve. 10.45-10.50 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Variations; Midlands (Birmingham) Midlands Tonight; North (Leeds) Let the People Talk; North East (Newcastle) Friday North; North West (Manchester) The Acting Game; South (Southampton) Camera Artist Extraordinary; South West (Plymouth) Peninsula; West (Bristol) It's In The Blood.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 pm Open University.
6.55 Gardeners' World.
7.20 Mid-evening News.
7.30 Star Signs.
8.00 City.
8.35 Westminster.
9.00 Pot Black 79 Snooker Trophy.
9.25 Pro-Celebrity Golf.
10.15 Skellern starring Peter Skellern.
10.50 Late News.
11.05 Rock Goes to College.
11.45 Closedown, reading.

LONDON

9.30 am Schools Programmes. 11.54 Sinbad Junior Cartoon. 12.00 The Learning Tree. 12.10 pm Stepping Stones. 12.30 The Cedar Tree. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 [illegible] 5.45 News.
6.00 Thames At 6.
6.30 Emmerdale Farm.
7.00 Mork and Mindy.
7.30 Winner Takes All.
8.00 Flambards.
9.00 House of Caradus.
10.00 News.
10.30 Soap.
11.00 Police 5.
11.10 The London Programme: London's Fire Service.
12.10 am George Hamilton IV.
12.40 Close: A painting by Toulouse Lautrec with music by Offenbach.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. †2.25 Friday Matinee: "Bulldog Jack," starring Jack Hulbert. 5.15 Bailey's Bird. 6.00 About Anglia. 7.00 Father Dear Father. 10.30 Probe. 11.00 Friday Late Film: "The Outrage," starring Paul Newman. 12.45 am Christians in Action.

ATV

1.20 pm ATV Newsdesk. 3.20 The Family. 5.15 Happy Days. 6.00 ATV Today. 7.00 The Jim Davidson Show. 10.30 Mary Hartman, Mary Hartman. 11.00 Christopher Lee—Prince of Menace: "The Wicker Man."

BORDER

†1.20 pm Border News. 2.25 Matinee: "Murder or Mercy." 5.15 Gamock Way. 6.00 Lookaround Friday. 6.30 The Dog Show. 7.00 Thingummyjig. 10.30 Your MP. 11.00 Late Film: "Vault of Horror," starring Dawn Addams. †12.30 am Border News Summary.

CHANNEL

12.55 pm Guernsey Election For Deputies. 1.18 Channel Lunchtime News, What's On Where and Weather. 2.25 The Friday Matinee: "Let's Switch." 5.15 Emmerdale Farm. 6.00 Report at Six. 6.35 The Stationary Ark. 7.00 Father Dear Father. 10.28 Channel Late News. 10.32 Late Night Movie: "The Loved One." 12.30 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 6.35 Sportscall. 7.30 Andy's Party. 10.30 Reflections. 10.35 The Friday Film: "The Creeping Flesh," starring Christopher Lee. 12.10 am Grampian Late Night Headlines, followed by Road and Ski Report.

GRANADA

1.20 pm Dodo. 2.25 Friday Matinee: Bradford Dillman in "Murder or Mercy". 5.15 Mr and Mrs. 6.00 Granada Reports. 6.30 Kick Off. 7.00 The Girl with Something Extra. 10.30 Darts World Knockout Cup †11.00 The Friday Film: Herbert Marshall in "The Underworld Story." 12.40 am Survival.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.25 Family. 5.15 Laverne and Shirley. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 7.00 The Jim Davidson Show. 10.35 Report Extra. 11.05 The Late Film: "The Hatfields and the McCoys."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.15-4.45 Plant Y Byd. 6.00-6.15 Y Dydd. 10.35 The Brains Matchplay Darts Tournament at The Top Rank, Cardiff. 11.05 Outlook on Agriculture. 11.35-12.30 am New Avengers.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News Headlines. 5.15 Laverne and Shirley. 6.00 Scotland Today. 6.30 Emmerdale Farm. 7.00 The Jim Davidson Show. 10.30 Ways and Means. 11.00 Late Call. 11.05 The New Avengers.

SOUTHERN

1.20 pm Southern News. 2.25 Friday Matinee: "Bronk," starring Jack Palance. 5.15 Happy Days. 6.00 Day By Day. 6.00 Scene South East (South East area only). 6.30 A Southern Report Special. 7.00 Jim Davidson Show. 10.30 Weekend. 10.35 Southern Report. 11.05 Southern News Extra. 11.15 Soap. 11.45 The Late, Late Show: "Traffic," starring Jacques Tati.

TYNE TEES

9.25 am The Good Word, followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.25 Friday Film Matinee—"The Desperate Miles." 5.15 Mr. and Mrs. 6.00 Northern Life. 6.25 Sportstime. 7.00 Oh No It's Selwyn Froggitt. 10.30 Come In If You Can Get In. 11.00 Friday Night Film: "Pretty Maids All In A Row," starring Rock Hudson. 12.40 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.25 Friday Matinee: "Appointment In Honduras," starring Glenn Ford. 4.13 Ulster News Headlines. 5.15 Mr. and Mrs. 6.00 Good Evening Ulster. 6.30 Sportscast. 10.30 Hawaii Five-O. 11.25 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 The Friday Matinee: "Let's Switch." 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.35 Time Out. 7.00 Father Dear Father. 10.28 Westward Late News. 10.30 Late Night Movie: "The Loved One." 12.30 am Faith For Life. 12.35 West Country Weather, Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.25 Friday Film Matinee: "A Tree Grows in Brooklyn." 5.15 Bailey's Bird. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 7.00 The Muppet Show. 10.30 Appointment With Fear: "Frogs." 12.10 am Andy.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf
				London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 6.31 Roundtable. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 10.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Tony Brandon (S). 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Harry Rowell's Open House (S). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S). 6.45 Sports Desk. 7.02 (S). 8.02 Frank Chacksfield conducts the BBC Radio Orchestra (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Treble Chance. 10.30 Fiesta de Dorita with Roberto Cardinall. 11.02 Brian Matthew with Round Midnight including 12.00 News. 2.02-5.00 You and the Night and the Music with Tim Gudgin (S).

RADIO 3

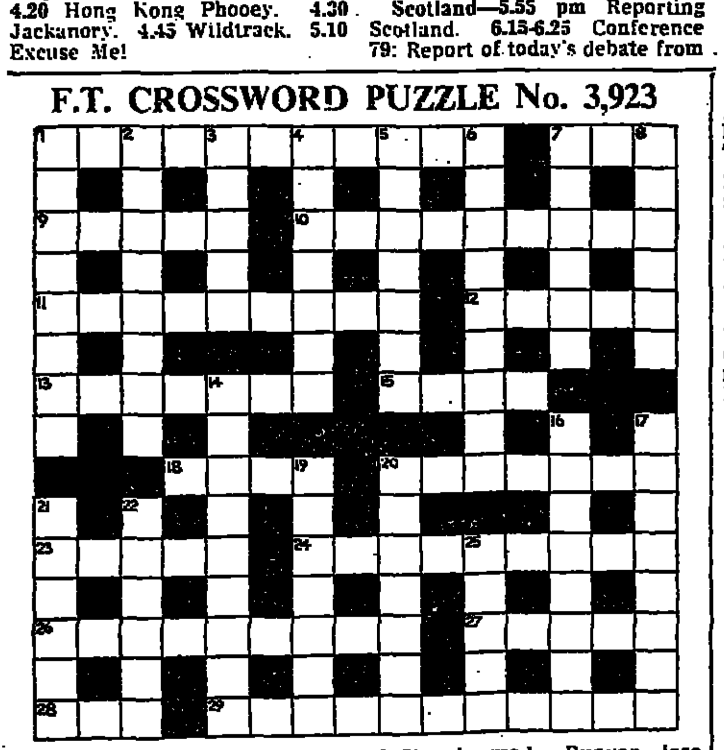
‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Haydn (S). 10.00 Young Artists Recital. 10.50 Music for Voice and Viola (S). 11.45 Reflets dans L'Eau: piano music by Debussy (S). 12.15 pm Midday Prom, part 1 (S). 1.00 News. 1.05 Playbill (S). 1.20 Midday Prom, part 2 (S). 2.05 Royal Repertoire (S). 3.15 The Beecham Legacy. 4.25 The Young Idea (S). 5.52 Homeward Bound (S). ‡5.45 News. ‡5.50 Homeward Bound (continued). ‡6.15 At Home: Concert, Haydn, Mozart. 7.10 Schubert, song and piano recital (S). 7.40 The Peculiar Province. First of two talks on humour in 19th-century poetry: Why Did I Laugh Tonight? 8.00 Maxwell Davies Premiere: Concert, part 1. Berlioz (S). 8.45 Stories on 3. 9.05 Concert, part 2. Davies (S). 10.05 Music Now. 10.50 Clifford Curzon. Concert (S). 11.55-12.00 News.

VHF ONLY—6.00-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today. Magazine, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Baker's Dozen. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 Down Your Way Down Under visits Melbourne. 11.40 Announcements. 11.45 Listen With Mother. 12.00 News. 12.02 pm You And Yours. 12.27 My Music (S). 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour from Glasgow. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 A Flower In Darkness. 4.35 Story Time. 5.00 PM. News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick Of The Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News. 10.30 Week Ending (S). 10.55 Fritz On Friday. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today In Parliament. 11.45 Just Before Midnight. 12.00 News.

F.T. CROSSWORD PUZZLE No. 3,923



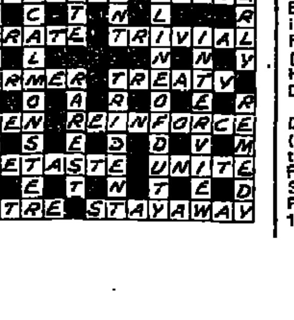
ACROSS

1 Spell cast by blackguard with a female supporter on either side (11)
7 Opening key on a piano (3)
9 Company repeated article on drink (5)
10 Starting point for old-fashioned individual (6, 3)
11 Mac has right to own Scots trial (9)
12 Information about to be given in class (5)
13 Tennis star and newsman turned inside out (7)
15 Dunderhead gets a thank you for information (4)
18 Joint complaint (4)
20 Blushing binding bureaucracy (3, 4)
23 Tree carries parking sign on road (5)
24 Takes stock on horseback and produces . . . (7, 2)
26 . . . drink for thirsty redhead (3, 6)
27 Painter took care of decay (5)
28 Instrument with sex-appeal unsuitable for children (3)
29 Nagging source of first-hand information? (6, 5)

DOWN

1 Bill bound to be granted (8)
2 Hot property dealer (8)
3 Central heating a member considers the best in the world (5)
4 Slough made Bunyan lose hope (7)
5 Kidded Cliff with two keys (7)
6 Claimed Yorkshire town beheaded old Penny (9)
7 Stop airman flying in Strand (6)
8 Like better pawn to pass the buck (6)
14 I threw the change with that (9)
16 Homely German woman says fur has a U-bend (8)
17 Kill with efficiency (8)
19 He rummages about for silver with hesitation (7)
20 Save up for book (7)
21 Passed crumpled suit (6)
22 Part of throat artist turned up inside cat (6)
25 Deputy left nothing to copper maiden (5)

Solution to Puzzle No. 3,922



nema

Beraud breaks the spell

by NIGEL ANDREWS

Danielle Darrieux in 'Madame De . . .'

e On Its Back (X) Paris Pullman
me De . . . (A) Camden Plaza
Boys from Brazil (AA) Classic Haymarket
n Film Season Electric Cinema

those who have been hold- vigil by the bedside of h cinema in recent years, ering if the comatose it will ever reopen his there is good news this Luc Beraud's *Turtle On Back* sails into London, nstrating that there was at on good and very-much- French film made last

ald's stark, cranky comedy writer who can't write, ng from a creative " is not only richly funny also a spry, 105-minute e about the current d state of French cinema. six-year period during Beraud's writer has been to produce anything is kably close to the period which the French cinema ecently been upstaged— eened?—by the all-con- ig vigour of the New n Cinema.

Beraud's hero is a stocky, balding Parisian (Jean-Francois Stevenin) who lives in unwedded bliss with a mature, raven-haired Ph.D. student (Bernadette Lafont). Mlle. Lafont has temporarily given up her thesis so that she can work to support M. Stevenin. And thereby hangs the tale of mutual animosity that fuels the first half of the film. In from work comes Mlle. Lafont with a resentful French loaf and a reproving newspaper. There sits M. Stevenin at his desk, scrawling and crossing out illegible sentences. And between whiles they shout at each other from adjoining rooms, or occasionally break for sessions of fondling and would-be reconciliation.

In Part Two, after a terminal flare-up between the couple, our hero swaps domesticity for a more picaresque life: first holing up in a seedy Paris hotel, then meeting a rich patroness with a country villa, then abandoning that only to be beaten up on the journey back to Paris . . . and so on. What matters is that his creative powers are newly catalysed by his being hurled out from deskbound inertia into Life, and at the end of the film he is back with Mlle. Lafont, a freshly written manuscript under his arm. But is it the dawn of a new era, or merely a return to the starting-point of the same story? . . .

You may make up your own mind on the point. Writer-director Beraud, who wrote the screenplay in harness with Claude Miller (director of *The Best Way of Walking*), never threatens to preach or to message-monger. The film's style is sly, oblique, oddball; full of cherishable comic throwaways, like the moment when the rebellious hero, left alone for the first time in a room in his patroness's villa where serried rows of freshly-sharpened pencils await him, coolly and methodically breaks the point of each on his pad of paper.

Beraud never specifies whether the exotic characters who crowd the second half of the film are actual or imaginary. Are they real people or distorted projections of the hero's own fantasies? The deadpan, non-committal camera style—square-on tableaux and children's-brick colours — matches the deadpan humour; and Writer's Block, a ghost to whose ever-imminent terrors I will gladly testify myself, is exorcised here with irony, laughter and a surreal, teasing wit rather than with solemn incantations.

★

Stay in France and turn the calendar back 26 years. Max Ophuls's *Madame De . . .*, made in France in 1953, comes to the Camden Plaza for an overdue, richly welcome revival. This is the last film the German-born Ophuls made before his farewell masterpiece *Lola Montes*, and it has greatness written all through it.

The bitter-sweet, Maupassant-like story is based on a novel by Louise de Vilmorin. To pay a debt, a rich, beautiful General's wife sells the diamond ear-rings that her husband gave her as a wedding gift. The General discovers the deed but does not tell his wife. The couple play cat-and-mouse with their respective "secrets," and meanwhile the ear-rings, bought back by the General and then given away to *his* mistress, wander over Europe, sold and re-sold, until they end up once more—need one say where?

Charles Boyer, handsome and sardonic, and Danielle Darrieux, mournfully beautiful and swathed in soft focus, play the central couple: and a silver-haired Vittorio de Sica bows and charms his way through the role of an Italian Baron who becomes the wife's lover and bestows upon her, as his first gift of love, a pair of diamond ear-rings bought in Istanbul. It is, of course, *that* pair. . . .

With an opulent period subject, no director could hold a candelabra to Ophuls. His black-and-white photography, glowing with a mysterious, melancholy light, and his sumptuously formal settings and costumes create an other-world in which social ritual and individual feeling lock themselves in a continuing battle. Ophul's camera describes astonishing arabesques and trajectories, like the flourish-strewn calligraphy of 19th century script; creating a romantic labyrinth in which the characters may lose themselves, or make accidental and tragic encounters, or wind back to the point at which they started.

★

The story of *Madame De . . .* goes around in so many circles that the filmgoer soon joins the characters in their moral and emotional dizziness. The film has a tragic ending—the death of the heroine—but it is a tribute to Ophuls's exquisite control and sophistication that, as in all great tragedy, sentimentality is held in balance with something close to absurdity; emotional involvement counterweighted with a world-view that is wry and half-comically resigned. Indeed *Madame De...* can be enjoyed on so many levels of thought and feeling that with repeated viewings the filmgoer, let loose in his private auditorium, can pick each time a different vantage point from which to watch as the lights go down. Go and see it now at the Camden Plaza. And do not be satisfied with a single visit.

★

All aboard for the Nazi revival. Close on the jackbooted heels of *Marathon Man* comes another essay in movie scare-mongering about the Third Reich, *The Boys from Brazil*. This new film hypothesises, like the earlier one, that there are surviving war criminals alive and well and living in South America, and woe betide modern civilisation if it tempts them out of their lair. Laurence Olivier, who was just such a tempted-out evil genius in *Marathon Man*, resurfaces here; but this time on the opposing team. Olivier wears the pristine colours of a Jewish crusader against Nazism, while his opposite number is a former concentration-camp doctor up-to-no-good in Brazil and played by that former pillar of Hollywood probity Gregory Peck.

It is Mr. Peck's plan, with help from his fellow-members in a secret Nazi society, to stage a mass-assassination campaign involving 94 65-year-old civil servants. Why these elderly citizens are about to be skittled off across the globe, far be it from me to reveal. The explanation is tolerably ingenious when it comes, but it is a long time coming, and the intervening hokum is a high price to pay for it: consisting chiefly of variously outré murder scenes, interspersed with glimpses of Peck perpetuating unspeakable experiments in a jungle laboratory while Olivier hops across continents interviewing murder victims' wives.

Mr. Peck sports a white suit, a black moustache and a fair-to-middling German accent, while Olivier sports prominent front teeth, raggedy clothes and a sing-song Jewish accent. There is also James Mason, bobbing in and out of these fancy-dress shenanigans as Peck's Nazi senior. How such a daft project ever tempted such a distinguished cast out into the arc lights—let alone such a talented director as Franklin Schaffner (of *Patton* fame)—must remain one of the decade's more curious movie mysteries.

★

At the Electric Cinema, from March 18 to March 31, a season of Cuban films. Most of them are old and by now venerated classics of the Castro era: *Death of a Bureaucrat*, *Memories of Underdevelopment* — both by T. G. Alea, whose new film *The Last Supper* opened in London last week—and Humberto Solas's *Lucia*. Solas's new film, *Cantata de Chile*, is also in the season, and so is a cheerful if rather dim-witted propagandist feature called *El Brigidista*, by Octavio Cortazar. Here you may see alligators caught, alphabets taught and counter-revolutionary rebels thwarted—all in the name of the Grand Design of Communism. The message is strictly optional, but the treatment has a beguiling simplicity and good cheer. Take a large pinch of salt and go and see it.

Olivier

The Fruits of Enlightenment

by B. A. YOUNG

Tolstoy called *The Fruits of Enlightenment* a comedy, but it is nearer to being a farce, and Christopher Morahan, who directs it, uses a farcical style throughout. Tolstoy's main target is the foolishness of people who believe in spiritualistic phenomena, but the play dates from 1889, 20 years after he had been converted to his private brand of Christianity, and a good many darts are aimed at the wastefulness and selfishness of the rich. Only the Master is at all decent to the peasants from his country estate who come to complete the purchase of land.

The story is a very simple one, quite conventional in outline. The Master has refused to honour his purchase agreement, but the maid Tanya undertakes to get the paper signed by setting up her boyfriend Semyon as a phony medium and so directing phenomena at the Master's show-piece séance that influences from beyond will make him sign it.

The play, however, is not simple at all. It was written for Tolstoy's children and friends to play, and consequently is fitted out with an immense number of characters so that there will be a part for everyone. The Master is given an idle son to emphasise the ways of young aristocrats, but he has no real function, contenting himself by sitting on the touch-line, as it were, and mocking everyone else, before drifting off to see to his borzois in the coach-house. The Mistress, whose life, it seems, is passed in endless cards and piano-playing, is given an assortment of ornamental friends who just drift about long enough to disparage the servants. There are endless servants; three peasants come with the documents; a drunken ex-cook lives on the boiler in the kitchen.

Moreover, there is a considerable excess of conversation. While we wait to see the tricks that Semyon and Tanya will play at the séance, we must listen to a lot of satire at the expense of current scientific discovery, which may have seemed trenchant in 1889 but is not so now that science has progressed so much further. Talk that was wittier, and characters drawn with more detail might have proved less indigestible, but if Tolstoy were really trying to write like Labiche he did not make much of a job of it. Michael Frayn has done what he can in his translation to reproduce the jokes, including the verbal ones, but what is needed now is some wholesale cutting.

Mr. Morahan's direction does keep the play afloat most of the evening all the same, enough so to enable us to visualise the effect it must have had on its early audiences, though he can't conceal the thinness of most of the characters. Semyon and Tanya (Greg Hicks and Brenda Blethyn) are a romantic couple from any trivial comedy, though they're nicely played. There are hard-working cameos from Joyce Redman, Sara Kestelman and Selina Cadell as the Mistress and her friends.

Every now and then, however, Ralph Richardson comes on as the Master, looking and sounding as if half his mind has already passed over to the other side. Whenever he is there, joy returns.

Leonard Burt

Andrew Cruickshank and Ralph Richardson

Liverpool Everyman

No More Sitting on the Old School Bench

by MICHAEL COVENEY

Alan Bleasdale's staff room play is obviously written with an amount of inside knowledge. We are in the forgotten wing of a large northern comprehensive, where a crypto-fascist caretaker laments the demise of the old grammar school with its short hair and Latin. But the crucial confusion of the play is to parallel a decline in educational standards with a growth of racist intolerance. This seems to me a false and irresponsible representation of our educational problems.

The staff room is populated by a defeatist PE teacher who is also divorced and cynical; a nodding fat lady whose female lover has died in the summer vacation; a desperately serious and overwrought deputy head who wants a baby and the easier life she no doubt deserves; an earnest art teacher, the NUT rep and apparently the best classroom performer on the staff; and a new sociology teacher who, in Philip Donaghy's beautiful performance, comes across as both an idiot and a sacrificial lamb.

The latest redeployment threat means the loss of two teachers, but any suspense surrounding that issue is lost beneath an excited welter of classroom anarchy when the sociologist transfers his kids to the staff room and embarks upon a most unlikely practical lesson in master-race characteristics.

I do not find much to admire in either the slapdash writing or the excitedly superficial discussion of racist impulses. Most memorable from an unsatisfactory evening is the sight of Mr. Donaghy arriving in the staff room with his chair glued to his backside, lighting a pipe and clutching a timetable as though nothing had happened or was about to. The director is Paul Jesson.

St. John's, Smith Square

Hanns Eisler

by DOMINIC GILL

As one of Slonimsky's tersely polysyllabic nutshells has it: "Hanns Eisler (1898-1962), German composer of introspective atonal and dodecaphonic music according to the doctrine of his master Arnold Schoenberg and of optimistically triadic socialist marches for the Soviet Army and proletarian choruses for East Germany."

But there is more to the kernel than that. Hanns Eisler: the most neglected, and in his teacher's opinion "one of the three most gifted" of the pupils who came to study with Schoenberg after the First War. A shadowy figure, somehow bracketed with Kurt Weill: for like Weill, Eisler is indeed best known for his collaborations with Brecht. An elusive figure, born in Leipzig, educated in Vienna and Berlin, early in life a committed communist, always a passionate socialist, who emigrated to America in the early 1930s, from where, after imprisonment for Un-American thoughts (revealed by a famous Committee among whose members was, not unaptly, one Richard M. Nixon), he was deported, and lived the rest of his life in East Germany.

The parallels with Weill, such as they are, are clear. But those who press them do not commonly recognise that Eisler is a figure of comparable importance to, and in many ways a much better composer than, Weill. The greater part of his output, and most of his finest compositions, are virtually unheard in this country and rarely performed anywhere. His most celebrated Brecht collaboration, *Die Massnahme*, has not to my knowledge been revived since its premiere in Berlin 49 years ago. It was an irony then, though a happy one, that after so many years of silence London should present by chance two concerts devoted only to Eisler's music in the space of less than a week.

The first of these, on Wednesday at St. John's, devised and directed by David Blake (himself an Eisler pupil), was at pains to emphasise the directness of the political commitment —which when served by musical genius and a brilliant technique, results in music which entertains while it informs, uplifts as it entertains." Just so: and why not? But how much more pointed are the contradictions. Eisler wrote for the Communist journal *Die Rote Fahne* in the 1930s—and for the "bourgeois" *Melos* too; he came to quarrel with Schoenberg, but to the end passionately defended him. Like Brecht, he vehemently denied the duty, or the right, of the State to dictate aesthetic principles.

To his credit Eisler never overlooked the fact that simplicity may rule out complication, but not complexity—even the simplest Chopin mazurka has the most complex reverberation. It was a shame that neither of the Eisler programmes this week can include one or two of the simplest, most complex larger works: the *Ernste Gesänge*, for example, for baritone and string orchestra, or the splendid *Orchesterstücke* of 1938.

But there were—and will be this Sunday again at the ICA—many passing pleasures all the same: the little suite *Dans les rues*, an engaging pot pourri of popular cliche, exuberant cabaret swing, sleazy dance, and wistful distillations of Intermezzo Brahms—stamped in every bar with the Eisler trademarks of clear, clean texture, delicate colour, bold lines. Roswitha Trexler sang the early *Zeitungsausschnitte*, nicely catching their quick, caustic manners.

Wigmore Hall

Shostakovich quartets

by MAX LOPPERT

The Shostakovich string quartet cycle by the Fitzwilliam Quartet has won a following. For Wednesday's recital, fourth in the series of five, there was a large audience, obviously gripped by the progress of the music, and blessedly silent even when faced with the composer's barest, sparest textures. The following is fully merited. Three works from the final two decades—the 6th quartet in G, Op.101 (1956), the 11th in F minor, Op.122 (1966), and the 14th in F sharp, Op.142 (1973)—were played: common to each performance were a depth of understanding and a concern to convey the seriousness and the importance of the music that betokened rare devotion to a noble cause.

Whether by chance or design, the three works chosen for this programme afforded a representation of the elusive Shostakovich—not so much the autobiographer of suffering, death-obsession, and final, peaceful resignation as the composer of cryptic musical fancies, in which moods tranquil and pessimistic, playful and pathetic, mingle in unpredictable patterns. The Sixth begins in gently genial Haydnesque euphony, and ends in similar vein. In between, passages of wistful and grave expression interpose to make the listener's experience a more complicated one than could be guessed from the opening bars.

The Fitzwilliam players are excellent at catching the half-lights, the ambiguities and unsuspected emotional resonances of such music without straining the decorum of its classical framework. Untrue notes in the first movement by the leader, Christopher Rowland, were no more than a passing awkwardness. The 11th is a still more remarkable work, in which the suite form that proved so congenial to the statement of the composer's "final period" thoughts finds early exploration. Here, a touch more of dramatic projection would not have come amiss, a touch more fantasy in lyrical shaping.

But it would be hard to imagine a more faithful or better balanced account of the 14th quartet. For me, it is the most problematic of the last four, difficult to "hear" or comprehend as a whole for all the pale, flickering beauty of its invention. Yet so clear in outline was the performance, and so finely attuned in sonority, that one's attention was held from beginning to end.

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Friday March 16 1979

Wilson ducks the issue

THE MOST remarkable thing about the Wilson Committee's report on the Financing of Small Firms is the recommendation of tax breaks for entrepreneurs which the committee has not had the courage to make. "We, like any other mixed group, do not agree about the politics," the committee lamely explains.

The result is that a "consistent feature" of *virtually all* the evidence received by the Committee on the subject of small firms does not get turned *into a concrete proposal*. It is perhaps excusable that the committee can not endorse the views of small businessmen on the level of general taxation in this country. But the committee is surely failing in its brief when it shies way from recommending specific tax cuts to help those who provide equity for small companies.

Fiscal bias

The best that can be said of this report's section on taxation is that it is written as though tax relief is struggling to get out. It mentions the essentials of such relief — losses made on capital investment in small companies should be offset against personal tax, capital gains tax on such investments should be cut, as should the investment income surcharge on small company dividends.

Of such measures it says: "It can be argued in their favour that they act directly on one of the main deficiencies of the financial system, and that they should not be regarded as a concession but as an offset to an existing fiscal bias. Reliefs exist for virtually every form of investments in financial assets other than equities."

But instead of restoring incentive to the individual entrepreneur and equity buyer, the bulk of the committee's proposals are aimed at those initialled agencies which are now such a part of the British industrial scene. The ECGD must become more responsive to small companies, as must the NRDC. The DoI should do more to help small firms, and gather more statistics about them. An EDA (English Development Agency) should be set up to match the help given to small businesses by the Welsh and Scottish Development Agencies, and in the meantime COSIRA should be given additional financial powers.

The nearest the Committee comes to increased financial incentive, and the most interesting proposal it makes, is in suggesting a new type of investing institution, the Small Firm Investment Company. This would be an investment trust, probably quoted on the Stock Exchange, established particularly to invest in shares of small unquoted companies. The Stock Exchange would change its rules to allow this, and such a trust would not pay capital gains tax on gains resulting from the *disposal of unquoted investments*, or resulting from the flotation on the exchange of a previously unquoted company. The essence of the idea is that it should remove the tax problems that prevent the establishment of a quoted intermediary between small companies and the institutional investor who now makes the running in the Stock Exchange.

Experimental

The other significant proposal is that a publicly underwritten scheme should be established, *on an experimental basis*, to provide guarantees on loans provided by banks to small companies. The idea of a loan guarantee scheme similar to those in Holland and the U.S. has been around for some time and so far has met with a very muted response in the City. The Committee's report lays out only a very thin case for such a scheme but—presumably because it is politically acceptable to all—has decided that it might be worth a try.

It is lack of equity, and not loans, which is the main problem for the small company sector, as the Wilson Committee candidly admits. Government agencies which provide such equity, and special institutions to extract it from the big insurance and pension funds, are all to be encouraged. Yet it is clear both intuitively and from all the evidence that the Wilson Committee has received that there is no solution that rivals a tax system which encourages small people to put small amounts of money into small businesses.

Mergers and competition

CONGLOMERATE mergers, of which the Lonrho bid for SUITS is an example, have for some years posed a difficult problem both for the Office of Fair Trading, which recommends whether or not a particular deal should be referred to the Monopolies Commission, and to the Commission itself, which has to decide whether the deal is likely to operate against the public interest. Where a merger is between two companies making the same product, there is clearly a prospect of some reduction in competition in the market concerned. The task for the investigating body is to examine how significant that reduction in competition may be. The same applies to vertical mergers, where a company acquires a supplier or customer. But in conglomerate transactions, where the two companies are in different lines of business and do not compete against each other, the basis for making judgements about the likely impact on the public interest is much less certain.

Too complex

There was a period in the early 1970s when the Conservative Government became concerned about the growing number of large-scale mergers which seemed to lack "industrial logic." There was a feeling that the consequence of such deals might be to damage the performance of both the participating companies, because the combined business would be too large and too complex to manage effectively. Some of the conglomerate mergers that were referred to the Commission such as Bowater/Hanson Trust, were dropped as soon as the reference was announced. But where the Commission has had the opportunity of studying mergers of this type, its judgments have seemed somewhat erratic.

Consultants

The lack of consistency is not surprising, because the Commission has to make very difficult judgments about, for example, the ability of a particular management team to cope with a much larger business than it had previously handled. In horizontal mergers the impact of the proposed take-over on competition can usually be assessed with a fair degree of confidence, although there are often border-line cases. Competition is a matter on which the Monopolies Commission has experience and expertise. But the assessment on conglomerate mergers, on the other hand, requires the members of the Commission almost to turn themselves into management consultants, with particular emphasis on personnel appraisal and corporate strategy.

It is highly questionable whether this is an appropriate role for the Monopolies Commission. Whether the managers of the acquiring company are capable of handling a proposed acquisition is a matter which, in general, can be left to the market. If they make a mistake, they will pay the penalty in the marketplace: why should their entrepreneurial judgements be vetted by a government agency? It is true that some conglomerate mergers do raise issues of competition. There are cases where the incursion of a very large, well-financed company into an industry characterised by small producers could have a distorting effect on competition: the acquired company, backed by the financial resources of its new parent, could theoretically embark on a price-cutting policy which would drive its rival into the ground.

Political

It is not often that these considerations apply and they do not appear to have been relevant to the Lonrho bid for SUITS. Whether this bid should have been referred to the Monopolies Commission is doubtful, but there was strong political pressure on the Government to do so; unfortunately the grounds on which Ministers make reference to the Commission often have more to do with political or trade union pressure than with any coherent policy on mergers. Not unexpectedly, the Commission did not accept the arguments that had been put up against the bid, such as the prospective loss of Scottish control over SUITS, and did not believe that SUITS was likely to be seriously damaged by becoming part of Lonrho.

The report shows that there is no bias in the Commission against conglomerate mergers, even when, as the report admits, there is some risk of detriment to the public interest. But it leaves official policy towards conglomerate mergers as uncertain as ever. Perhaps it is time for the Government to adopt an entirely neutral policy, so that only those conglomerate mergers which have a potentially harmful effect on competition are referred to the Commission.

China turns the tables on Vietnam and Russia

BY DAVID HOUSEGO, Asia Correspondent

CHINA'S MILITARY adventure in Vietnam is by no means over. But it is already showing that in foreign policy as in economic policy the China of Deng Xiaoping (Teng Hsiao-ping) is more ambitious than the China left by Chairman Mao.

The most striking feature of the operation is the strategic advantage over Vietnam that China has now obtained. China's success cannot be measured by how far the Chinese were able to advance into Vietnamese territory or by the number of dead on either side. The invasion was neither an attempt to delineate frontiers, as was China's war with India in 1962, nor the outright takeover of a neighbouring state, as was Vietnam's march into *Cambodia a couple of* months ago.

The conflict was an attempt to alter the balance of power in the former French Indochina as between the Vietnamese, the Chinese, and the Russians—in other words an old fashioned colonial war sharpened by a clash of rival ideologies. Seen thus, the Chinese have won the first round hands down.

Two months ago the tide seemed to be running firmly in favour of the Vietnamese. Their army had swept through Cambodia in a display of strength that unnerved the non-Communist states of South East Asia. The armed forces of the Pol Pot regime had apparently collapsed before the Vietnamese advance and were being hemmed in against the border with Thailand. Laos was—and had been *for a couple of years* — under the thumb of Vietnam with a garrison of 40,000 Vietnamese troops on Laotian territory. Thus in bringing the three former states of French Indochina into a Communist *de facto* federation, the Vietnamese had achieved what seemed to them the logic of geography while removing the twin threat of a hostile China to the north and a hostile Cambodia to the west.

Important foothold

At the same time Hanoi's success seemed a substantial gain for the Russians, who had signed a 25-year Treaty of Friendship with Vietnam in July, in that it gave them an important foothold on China's southern border. It was also a major setback for China which had first allowed itself to be seen as the defender of the hated Pol Pot régime and then to have failed to have backed it.

China's achievement is to have tilted the balance of power back in its own favour. The Vietnamese army is now grossly overstretched in defending three countries (Vietnam, Laos and Cambodia) and its economy, already under heavy strain, has had to bear the additional burden of two wars in three months as well as the destruction the Chinese inflicted in the north. Hanoi now has to send further reinforcements to its northern border, both against the threat of further Chinese incursions and to ensure that the Chinese fully quit Vietnamese territory.

The 120,000 troops that the Vietnamese now have in Cambodia find themselves in much the same position as the Americans once were in Vietnam—in charge of the cities and much of the countryside by day, but on the defensive at night against a hostile population. The Vietnamese underestimated the depth of traditional Khmer (Cambodian) dislike of Vietnamese rule as they did the *strength of the Khmer Rouge* resistance. In Laos there is the continuing irritant of the rebellious Meo tribesmen now emboldened by *signs of a* weaker Vietnam. The general mobilisation that Vietnam has announced is a sign of how seriously Hanoi views the military threat.

Drought and floods

Beyond this drain on Vietnam's strength there is the legacy of drought and floods in two successive years that have left all three Indochina states badly short of food. In Cambodia, Vietnam is administering a country whose economic and social fabric was turned inside out by the Pol Pot régime. Vietnam itself is torn by the resentment of the South (and particularly of the Chinese community) *towards the heavy handed rule* of the North since 1975.

In this situation, the Chinese hold a great deal of power over Vietnam. *Having demonstrated* Vietnam's vulnerability by their invasion, they are pinning down increasing numbers of Vietnamese troops on the Vietnamese and Laotian border and have the option of attempting to draw them into a further battle over disputed border zones. They are adding to Vietnam's problems in Cambodia by supplying the insurgents there. They seem to be adopting similar tactics in Laos to undermine the Pathet Lao regime.

This turning of the table is no chance stroke of fortune. It seems clear that the Cambodian army when faced with Vietnam's invasion carried through a policy of dispersal that had been carefully worked out with the Chinese in advance and which now enables the Cambodians to harass the *occupying Vietnamese troops*. Khmer insurgent groups appear to have an extensive wireless link up with each other. In *attacking the Vietnamese from* one flank, the Chinese thus acted in the confidence that their enemy was under pressure on the other.

The Chinese were remarkably successful in limiting the repercussions of their action elsewhere in the world. In signing a Treaty of Friendship with Vietnam, the Russians had judged that it would deter any Chinese attack. In spite of Deng's warnings in the U.S. about teaching Vietnam a lesson, the most common view in Washington, Paris and London before the invasion was also that the Chinese would not want to risk their new friendship with the West or to be side-tracked from their ambitious industrialisation programme by a military adventure.

The Russians and the West proved wrong. The Chinese had carried their analysis one stage further. They correctly judged *that after Deng's visit to* the U.S., they could count on western nations not carrying their protest to a point that *jeopardised* the *new dialogue* and the trade prospects that went with it.

The spin off from China's *breaking out of its past isolation* and invoking western help in its industrialisation was to leave China less open to Russian *reprisals*. The invasion of Vietnam was the first occasion on which the Chinese tested how far their new relationship with the West had raised the threshold beyond which the Russians would attempt punitive action against them.

The result was satisfactory. The Russians huffed and puffed, but they were not willing to endanger the SALT negotiations in order to support Vietnam in a quarrel with China. The Chinese could thus conclude that they might count on at least some western protection, in spite of the determination of Nato members to approach Moscow and Peking with even handedness.

The recent agreements the Chinese have made with the West serve two purposes. They provide China with the technology *it needs to modernise its* industry. At the same time, through establishing diplomatic relations with the U.S., signing a Treaty of Friendship with Japan, and concluding trade deals with the major EEC countries, the Chinese are trying to involve the interests of as many nations as possible in their development. Beyond that the West is inevitably being drawn into closer association with Deng himself as the man who pioneered the rapid modernisation of China through imported technology and who is the architect of closer ties with the West.

There are obvious dangers in becoming too closely linked to any one man—a lesson painfully learned, for instance, in China before, with the U.S. commitment to Chiang Kai-shek, and in Iran with the Shah. The power struggle among the Chinese leaders has by no means run its course and Deng is taking great risks in pushing China so fast *out of its isolation*. It was Deng who at the UN in 1974—before he was sacked by the radicals after Chou En-lai's death—out*lined China's new view of* international affairs in his Three Worlds speech which is now the cornerstone of Chinese foreign policy.

It is a central theme of this doctrine — that Russian ambitions to dominate the world will inevitably lead to conflict with the U.S. Detente is thus a dangerous illusion and any failure to stand up to Russia by the U.S. — or indeed by China or the EEC countries — risks encouraging the Russians to further boldness. Such a simplistic view of world affairs was of little more than academic interest while China remained aloof from the world. But over the past year the Chinese have begun to practise what they preach. Thus Hua Guofeng's (Hua Kuo-feng's) visit in the summer to eastern Europe and then Tehran was a calculated challenge to the Russians on their very doorstep.

In Vietnam, by taking military action, Deng showed what response he thought was appropriate to deflate Russia and its allies. The fact that the Americans are now assembling a fleet in the Gulf and the Indian Ocean and taking a tougher stance in the Yemen against a Russian-backed regime *will seem in Peking* as evidence that the U.S. has begun to see the light. The U.S. perspective is in fact of course very different from that of China. But that the two views converge at points poses new difficulties for the Russians.

Neither the Russians nor the Vietnamese can afford to let China's action in Vietnam go unchallenged. The heroes of *Vietnamese history* are those leaders who have most successfully stood up to Chinese bullying. But with Vietnam's *economy* in such difficulties and its army so overstretched, its options are limited. It is not going to back down from the *de facto* Indochina federation it has created by restoring to Cambodia or Laos their former independence. It will certainly seek closer alliances in the region with those states, like India, Indonesia, and possibly the Philippines, which most fear the expansion of Chinese influence. It will want to reopen doors to the U.S., Japan, the EEC, and the ASEAN countries—anybody in fact who will listen—as a counterweight to Chinese power. But in the last resort Vietnam is going to be increasingly dependent on the Russians

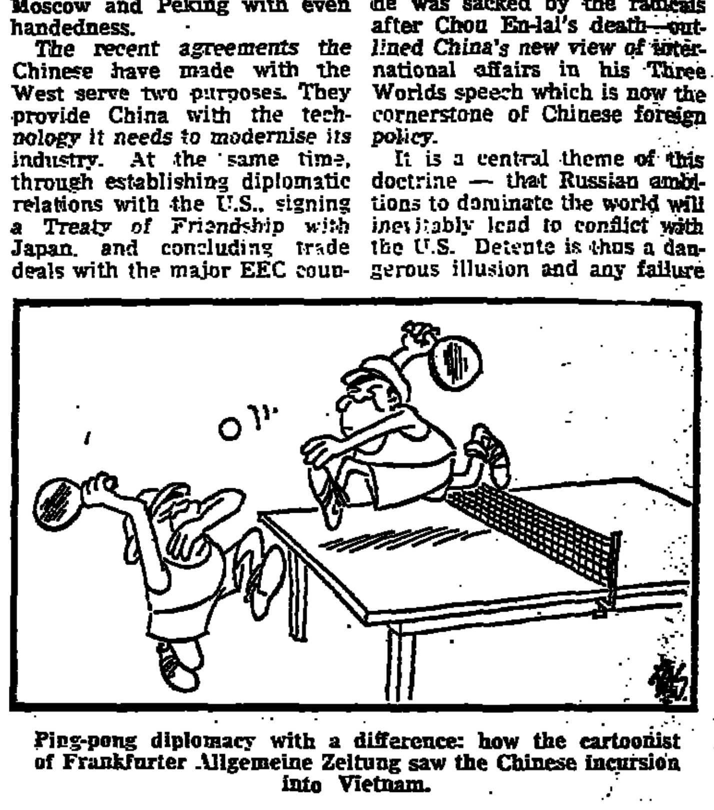
Having seen the Americans so ensnared in Vietnam, the Russians and the eastern European *countries will be wary of* following suit. But the Treaty of Friendship and Vietnam's membership of Comecon have *already drawn them some way* in that direction. Indochina has become the region in which the Chinese — Russia's principal adversary in the world, and potentially a more dangerous one than the U.S. in that there is no policy of detente with China—have thrown down the gauntlet to Russian power.

It would be difficult for the Russians to counter in other areas were China is vulnerable. A swift hammer blow against Manchuria for instance—the heart of Chinese industry—will become more difficult as the Western stake in China's industry increases. Backing Taiwan against China or intervening on Vietnam's behalf in the dispute over ownership of the oil bearing islands of the Paracel and Spratly archipelago risks unpredictable international repercussions. The Russians will certainly want to strengthen their alliance with India—Mr. Kosygin has been attempting to do so during his visit to Delhi—and to widen the anti-China front.

Soviet aid bill

But ultimately it is in Indochina that the Sino-Soviet quarrel will come to a head. If the Russians are to demonstrate that they can stand up to the Chinese, they need to do so through support of Vietnam. In the long run that probably means building up Vietnam to a point at which the Chinese feel *it is a threat to their* security. It would involve a larger aid bill than the Soviet economy can afford. It would easily involve pressing the Vietnamese for Russian naval facilities at Cam Ranh Bay as a *psychological blow* to the Chinese and to ease the problems of equipping the Russian Far East fleet.

For China as well, the long-term cost of the military adventure in Vietnam is likely to be larger military expenditure. *Not only* did the conflict show up deficiencies of equipment, but the price of teaching the Vietnamese a lesson is preparing for the day when the Vietnamese might want to do some teaching themselves. It is a fair guess that one of the reasons for the current slowdown in China's industrialisation plans is that defence has moved a notch higher in the list of China's priorities.



Ping-pong diplomacy with a difference: how the cartoonist of Frankfurter Allgemeine Zeitung saw the Chinese incursion into Vietnam.

MEN AND MATTERS

Calling upon Brother Windsor

After his recent exploits, the appearance of Prince Charles on a trade union platform should not occasion too much surprise. But it is something of a record for any trade union to invite one of the royal family to its *proceedings*, not least because of royalty's symbolic identification with the moneyed class.

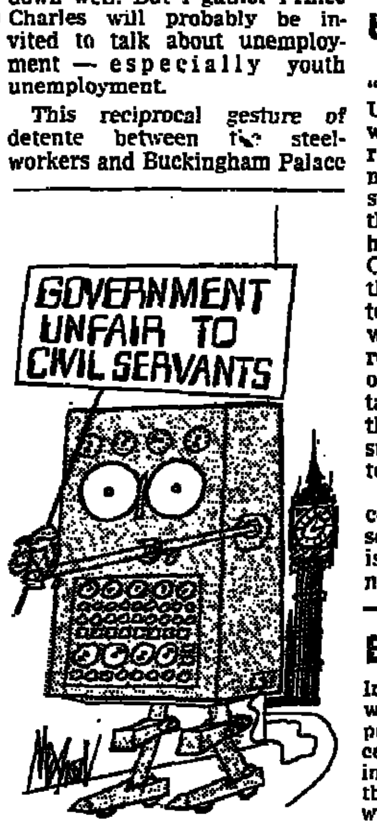
The *Prince, already being* dubbed "Brother Windsor" by his hosts, will make a speech to steelworkers' delegates in Bournemouth at the end of June, when the Iron and Steel Trades Confederation holds its conference.

A re-play of his remarks on the failings of British industrial relations management might go down well. But I gather Prince Charles will probably be invited to talk about unemployment — especially youth unemployment.

This reciprocal gesture of detente between the steelworkers and Buckingham Palace springs from the sentiments of the late Vic Feather, former TUC general secretary. He thought that trade unionists would come to no harm from a little exposure to royalty and any criticisms it might care to *make: he also thought* the unions should let royalty hear what the working-class struggle was all about.

These ideas are also held by Bill Sirs, the ISTC's general secretary. They have perhaps been helped on their way by Vic Feather's son Sandy, the staff officer of the union.

Even the militants among the ISTC leadership are sure that Prince Charles will be well re*ceived by the rank and file in* the Pavilion Ballroom—provided, of course, that he does not decide to balance his record on industrial affairs by launching an attack on the workers.



Upping the price

The man who advertised "Nothing at all for $1" in a U.S. magazine a few years ago was amazed when 500 people replied. He sent them exactly nothing. Anxious not to allow such a good notion to lie fallow, three Colorado businessmen have launched a "Nothing Card." As its name indicates, this is worth nothing. Guaranteed for life, honoured everywhere to no avail, the card resembles in its appearance all other credit cards. But presentation of the card, according to the advertising, together with sufficient cash, will enable one to buy anything at all.

Nothing in life is free, of course. And the price of more sophisticated forms of nothing is more than that of plain nothing at all. The card costs $5.

Bootle blockage

In the light of Mahood's adjacent whimsy, what could be more apposite than the true story I received yesterday from a reader in Halifax. He had been doing the VAT returns for a friend, who recently died, and telephoned the Leeds VAT office for instructions. This is what he was told:

"When a VAT member dies in Leeds we transfer him to Bootle, who give him a new address. But they cannot do this at present as the *computer is on strike*. So fill in the form you have received, but do not post it as the computer in Southend is also on strike. Listen to the news and send the form three days after the strike ends."

My correspondent says he is pondering what new address his *former friend will be given* by Bootle. Perhaps the computer will merely write "Discharged Dead" across the records, as was formerly done in the Royal Navy when a man was lost overboard.

Off course

French industrialists keen for their staff to learn English may be perturbed by the title of a course in *"l'anglais des affaires"* advertised in *Le Monde* by the Berlitz. The insertion is headed boldly "Business Crash."

Dubious origins

The Arabs have their own ideas about devolution in Britain, as Clive Godden, MK Electrics agent in Oman, discovered earlier this week. After flying into Kuwait for the opening of a new factory, he rashly tried to obtain an on-the-spot visa.

This was peremptorily refused by the Kuwait immigration officials. Not only that; Godden was then shunted from office to office for over five hours, and at one point threatened with being put under armed guard. He was eventually rescued by someone from MK.

The trouble arose, it seems, because Godden was unwise enough to put his nationality down as "English" on the visa application form.

"If you were British," the immigration officer kept telling him, "we could give you a visa."

"But that *is* a British passport," pointed out the would-be visitor.

"That," replied the official, "is another thing we will want to look into."

Changing scenery

Cyril Stein's Ladbroke Club is *taking the Iranian* troubles calmly, I am glad to report. I have just received my invitation to celebrate The Persian New Year, or, as the peacock-blue card has it, "to take part in Iranian Festival Week," whichever sounds most welcoming.

What this boils down to, the club tells me, is "a special Iranian menu, and we'll have some Iranian decor, obviously. . . . It's nothing great." The view is that some of the Iranian members "need cheering up just now."

Even if the club manages to *stimulate some bonhomie* among the exiles, I fear their recklessness at the gaming tables will not be quite what it was in days gone by.

Still cleaning up

The Duchess of Bedford, having displayed her financial instincts at Woburn Abbey and in the pop-autobiography arena, has a new money-making venture. She has started a launderette in Meribel, the French ski resort. "I'm opening a launderette because it does not need any staff," says her Grace. "All I have to do is empty the coin machines."

Getting it right

A possibly apocryphal quote from a Russian tourist: "You English have got a long way to go before you have a planned economy equal to ours. At home, if no bread is delivered to the shops, no butter is delivered at the same time."

Observer

POLITICS TODAY

The foreign policy of Mr. Pym

THERE IS no longer much doubt about who will go to the Foreign Office if the Conservatives win the election. Mr. Francis Pym became Shadow Foreign Secretary almost by accident. It was the illness of his predecessor, Mr. John Davies, which led to his appointment less than six months ago. Yet such is his position in the Party that the job must be his if he wants it. He does.

In a series of recent speeches, Mr. Pym has been lying down the guidelines of Conservative foreign policy. There are, of course, few details but the speeches represent the authorised version of what a Tory Government intends to do.

British

The general approach turns out to be quite remarkably traditional — not so much traditionally Tory as traditionally British. There is, perhaps, one major exception which we shall come to later, and that is Southern Africa. But broadly speaking, British foreign policy as set out by Mr. Pym is along classic post-war lines. It is pro-Europe, pro-the U.S., pro-the Atlantic Alliance, pro-the Commonwealth, pro-defence and pro-détente. The only post-war Prime Minister to have dissented in any way from that view is Mr. Edward Heath, who is now judged by some Tories and many officials to have leaned too far towards Europe at the expense of the relationship with the U.S. Mr. James Callaghan would probably accept the Pym approach almost entirely, were he not inhibited by the left of the Labour Party.

The commitment to America is deliberately reasserted. In a speech last week Mr. Pym said: "In no part of the world would it be sensible for this country, or even Europe as a whole, to conduct affairs except in concert with the U.S. . . . I should like to place on record today the determination of the next Conservative Government to continue and foster Britain's traditional bonds with the United States."

There is no doubt either about the commitment to Europe. In a speech just before Christmas Mr. Pym declared that the arguments for Britain staying in the European Community are now "stronger than ever, stronger even than they were in 1975"—the year of the referendum.

Even the Commonwealth is receiving new praise. In a speech last Monday Mr. Pym suggested the possibility of "the larger Commonwealth countries each appointing a Minister specifically responsible for Commonwealth affairs." He also floated the idea of a British Minister of State "with special responsibility for Commonwealth matters and for liaising personally with Commonwealth Governments"—in other words, someone not far short of the old Commonwealth Secretary.

All that, you may say, is excessively old hat. It even sounds a bit like Harold Wilson in the 1960s. Yet it is not entirely what one might have expected from today's Tory Party.

There has always been a strand of anti-Americanism—or perhaps straight jealousy—in British Conservative attitudes. Today it is stronger than ever, although it may be more precisely expressed as an intense distrust of President Carter and, even more so, of his Ambassador to the United Nations, Mr. Andrew Young. There is also some dislike of the Commonwealth, especially the new Commonwealth. Even Europe is less prized than it used to be. Indeed, Tory thinking about the world has been becoming quite as disparate as that of the Labour Party.

What seems to have happened now is that Mr. Pym has re-established the old principles, and so far he has done so without challenge.

The one deviation from the policies of most post-war governments concerns Southern Africa. Mr. Pym does not believe that there is anything to be gained from publicly putting pressure on South Africa to end, or even reduce apartheid, or from opposing the internal settlement in Rhodesia. He thinks that Southern Africa is strategically important and that the public pressures should be taken off. A Tory Government would go to the Americans and to the Europeans and say just that. If necessary, it would say the same to the Commonwealth—there is to be a Commonwealth Prime Ministers' Conference in Zambia in August, by which time the Tories could well be in office.

Conviction

It remains to be seen how that would work in practice. It should be said, however, that Mr. Pym appears to be acting not from tactical party considerations, but from conviction. His stance on Southern Africa may have helped his position in the Tory Party, but that does not seem to be why he has taken it.

There must also be a reservation about the practicability of the Pym policy on Europe. It was noticeable in the House of Commons this week when Mr. Callaghan returned from the summit meeting in Paris that Europe is now an issue on which the bulk of the Tory Party is on the defensive and the Labour Party more and more united. It is not that Mr. Callaghan has won the intellectual argument. In fact, in practical terms it is far from clear that either he or Mr. John Silkin, the Minister of Agriculture, have achieved anything at all. But they may well be winning the emotional argument in Britain. In those circumstances it may be hard for the Tories to say that the way to reform the common agricultural policy and the budgetary contribution to the Community is to be nicer to the Europeans. At the very least, it puts a heavy premium on the Europeans being nice to us.

Nevertheless, the guidelines have been laid down and one must assume that a Tory Government would try to stick to them. There is also a deeper rationale. The reassertion of faith in the Anglo-American relationship has been made not because America is believed to be strong, but because it is feared to be weak. Mr. Pym appears to have little more confidence in the general policies of the Carter Administration than anyone else in the Tory Party. Apart from his criticisms of U.S. policy on Southern Africa, he has doubts about SALT, doubts about the Middle East and doubts about the American willingness any more to play a world role. Where he differs from many of his colleagues is that he does not believe that this is the time to say so in public instead it is the time to start rebuilding fences—to draw America out from itself.

There is, too, perhaps a deliberate attempt to cultivate the Americans in order to secure American support for a future generation of nuclear weapons. Where Mr. Pym also differs from many of his Tory and Labour predecessors is in no longer seeking to rely mainly on the special relationship. The new special relationship would be not between the U.S. and Britain but between the U.S. and Europe. Britain might still have a special role to play: for example, in the Commonwealth or in the Gulf. But the role would be played as part of a concerted western alliance.

Freddie Mansfield

Mr. Francis Pym.

However much one may seem to have heard that idea before, it may be that this time there is something in it. Many of the old rivalries between Europe and the U.S. have disappeared. There is no reason on the face of it why they should not co-operate as more or less equal partners in all except the strategic military field. The obstacle remains the continuing misunderstandings between Europe and Britain.

One may also look at the question the other way round. What will happen if the attempt at greater alliance co-operation is not made? America will perhaps continue to weaken and Europe continue to quarrel among itself rather than to pool its foreign policy resources. There could scarcely be a more obvious invitation to the Soviet Union to go on with a policy of extending its influence.

Yet one returns inevitably to the state of Britain, and to the relative failures of the past. It is an article of current Tory faith that for British—and therefore western — foreign policy to be more effective, there must be an increase in spending on defence. This is not just the view of Mrs. Thatcher. It is held equally strongly by Sir Ian Gilmour, the Shadow Defence Secretary who is generally reckoned to be on the Left of the Party and who has plainly been helping Mr. Pym with his recent statements. Mr. Pym does not dissent in any way. It is being said that even the recent 3 per cent increase in defence spending promised by the Government to NATO may not be enough.

At the same time, the Tory Party is pledged to cut public expenditure and cannot be absolutely assured of securing economic growth. Any extra money for defence would thus have to be taken from spending programmes in other areas. The Tories say that they will do this if necessary, and indeed it is a prerequisite for their foreign policy. But one cannot help remembering how in the past economic circumstances have led to a revision of a government's policies, and in fact the 1970s round of defence cuts was actually initiated by the Conservatives.

As it happens, I believe that the Tories mean what they say. It is also quite probable that Mr. Callaghan himself would like to move in the same direction of strengthening defences if he were to win the election. Certainly there are problems — such as the successor to Polaris and a new medium-range ballistic missile to be based in Europe — on which he has been deliberately sitting until the election is out of the way. Yet when one looks back at the British record, it is one of withdrawal rather than advance, and withdrawal in accordance with economic realities. It will be an exceedingly difficult trend to reverse.

Election role

It may also be the case that defence and foreign policy will play a larger than usual role in the election campaign. If so, it will be interesting to see how the public reacts. There are too many issues like Polaris that have gone too long undiscussed, while the question of Europe has been largely reduced to that of the common agricultural policy. Yet whoever forms the next government could have some early decisions to take—whether, for instance, to join the Americans and the Russians in SALT 3 or whether to sign a comprehensive test ban treaty, a decision which could, in effect, prejudice the Polaris successor.

One may also wish that it were in the nature of British politics for Oppositions to have greater access to official information. Mr. Pym may have done his homework as well as he can, but one doubts whether he is terribly well informed. His role of constitutional reformer has not yet extended to a demand for open government. The Tory instinct runs deep.

Malcolm Rutherford

Letters to the Editor

An Eastern bazaar

From Mr. M. Posner

Sir,—Here is a question to which your distinguished economic contributors might wish to apply their minds—or on which they might search their consciences: why have the financial and equity markets been so volatile in recent months?

I agree that there does seem to be some objective improvement in our affairs since the dark days of the lorry drivers' settlement, and you have been right to emphasise the apparent readiness of many private sector wage settlements, as well as the relatively moderate ...ers' agreement. But the City seems to have amplified these changes of sentiment in a way typical of an Eastern bazaar, ... of the most mature financial centre in the world.

Politics have something to do with it. And the consequences of the Ayatollah for short-term increases in oil prices may have helped—though to anyone with an analytical turn of mind it remains puzzling why markets should expect corporate profits in a trading nation to benefit from an increasing Organisation of Petroleum Exporting Countries surplus. The chief reason, however, seems to be monetary—the origin—the bank's operations in the gilt market and in particular the latest and most dramatic episode in the Duke of York's repeated march and counter-march.

Anthony Harris has long argued that different techniques of gilt sales would avoid interest rate volatility; and it is now widely held in the City that "to be ... on the banks' cash ...—i.e. to perform open-market operations in bills rather than bonds—would put things right. Well, this is an entire controversy—I remember setting undergraduate essays on it 20 years ago—and I find it hard to believe that nothing would be much improved by concentrating the whole of the induced instability at the short end of the market.

I put it to you that the authorities, egged on by the united chorus of the informed Press, have created the volatility by insisting on attempts to 'stabilise "the money supply" instead of the interest rate." When the public, including City operators, experiences quite understandable changes in sentiment, and changes its liquidity preference accordingly, the authorities refuse accommodation, and force up interest rates sharply in consequence.

Such a policy does not even ensure stability of a particular money supply indicator, because seekers of liquidity find what they want somewhere, somehow. But it certainly moves the market sharply up and down.

Now it would be naive to call this process the "Economic consequences of Mr. Brittan": other fine spirits and subtle arguments have helped. But you and your contributors have willed the end, and have therefore willed the means. What I cannot understand is why you have done it! Long run stability in the rate of monetary growth might have a lot to be said for it, but stability month by month or even week by week in some arbitrarily chosen indicator seems to me uncalled for by any well thought out economic doctrine.

Do you accept this analysis? Do you believe that the price you have forced on us has been worth paying?

Michael Posner.
Pembroke College,
Cambridge.

Samuel Brittan writes: If Mr. Michael Posner can produce a passage from my writings advocating, week by week, or even month by month, control of the money supply, I shall gladly present him with a bottle of champagne of his own choice.

Surcharge by auctioneers

From Mr. A. Faulds, MP.

Sir,—In his article on the 10 ... surcharge which Sotheby's and Christies charge buyers at their art auctions Mr. Antony Thorncroft (March 10) appears to be under the misapprehension that it is the art dealers alone who are rightly raising objections to this greedy imposition.

The truth is that the public museums and galleries are perhaps even more bitterly opposed to this iniquitous levy since their staffs frequently and freely give their expertise to the self-same auctioneers to assist them in cataloguing their sales. The justified protests of these public institutions have so far fallen on deaf ears. One wonders who in the world the auctioneers think they are.

Andrew Faulds.
House of Commons, SW1.

Pushing a Bill through

From Lord Byers

Sir,—Your usually accurate Parliamentary reports contained a significant error in last Friday's article about the timing of the election. Liberal Peers have not held up the passage of the House of Commons (Redistribution of Seats) Bill which increases the number of Northern Ireland seats at Westminster.

During the committee stage of the Bill on February 22, the Liberals moved an amendment to bring in a proportional representation method of voting for all Northern Ireland seats. This was defeated by 72 votes to 48. Only if the amendment had been carried would the Bill have been held up because it would have had to return to the Commons for consideration.

The conventional passage of time between the stages of a Bill in the Lords has, in fact, been waived in this case to speed up the passage of this Bill which received its third reading yesterday.

Byers,
House of Lords, SW1.

Electrifying the railways

From the Director Transport 2000

Sir, It is indeed gratifying to find Mr. S. Leslie of the British Road Federation (March 13) supporting our view that comparable criteria should be used to justify road and rail investment. This is precisely the point we made in our evidence to the joint working party on railway electrification.

Since the Leitch Committee has recently condoned the use of cost benefit analysis for road schemes then this should clearly be the chief investment yardstick for both road and rail capital expenditure. I suspect however, that Mr. Leslie is either under some misapprehension about the present justification for railway electrification or he doesn't fully appreciate the consequences of this line of argument.

British Rail and the Department of Transport have been looking at railway electrification using a financial yardstick. As the Leitch Committee has shown, a purely commercial appraisal, which is used for railway spending, cannot be directly compared with cost benefit analysis—as used for road expenditure. The anomaly of justifying road and rail investment on different bases could clearly lead to a bias in favour of one form of transport. Thus the Leitch Committee recommended the use of cost benefit analysis for strategic studies such as railway electrification. We therefore argued in evidence to the joint working party that it should use cost benefit analysis, rather than financial appraisal, an argument which initially there was some reluctance to accept.

The effect of using cost benefit analysis is reasonably clear. While it is not inconceivable that benefits derived from cost benefit analysis could be less than those derived from financial appraisal this is not generally the case. And there is no reason to suspect that railway electrification should be an exception to the general rule. In a sample of five projects reviewed by the Leitch Committee which had been analysed using both cost benefit analysis and financial appraisal, the benefits derived from cost benefit analysis exceeded those from financial appraisal by margins varying between 39 per cent and 1,770 per cent.

So it seems probable that using cost benefit analysis for railway electrification would produce a better economic case than could be adduced for many road schemes. And clearly this could lead to a diversion of funds—some £25m a year for British Rail's highest rate of electrification—from the £470m per annum trunk road programme, a sizeable chunk of which is still devoted to major new roads like the North Devon link road which the Department of Transport can't justify even on cost benefit analysis.

Mick Hamer,
40 James Street, W1.

Distilling from wood

From the Chief Executive, Economic Forestry (Holdings)

Sir,—Like coal, the present economics of conversion of wood into fuels can be shown to be poor, but this is not always the case. Georgia, U.S., a state which has no oil or gas reserves and very little coal, has a forest area larger than the total forest area of the UK, and a pilot wood pyrolysis plant has been established yielding oil, gas and charcoal by destructive distillation. This project is made feasible by the existence of a large volume of low quality timber residues with no other market outlet—a situation which we may envisage in the near future in the UK when our forests suddenly begin to produce large quantities of small-sized early thinnings. The case in Georgia also illustrates the fact that although world coal reserves are vast, a forest can be planned and sited where no alternative natural resource exists and in so doing employment is provided, and the local economy diversified and stimulated.

Considerable technological improvement can also be expected in the conversion of biomass into fuels and other chemicals. At present we use rather unsophisticated chemical methods to release cellulose from wood to make paper. During this process we reject the other major component of wood, lignin, a renewable source of phenolic compounds which would support a petro-chemicals industry once our fossil fuels have run out. Research has been carried out in Sweden into a group of wood-rotting fungi which at normal temperature and pressures break wood into cellulose and lignin with a minimum of loss of each. It could be that adjacent to our forests of the future we will have both pulp mill and petro-chemicals complex.

With the prospect of oil becoming scarce and expensive by the turn of the century and inevitable time lags in developing new technologies, is it not time now to investigate the more extensive use of wood near our forest areas?

John Campbell,
Economic Forestry (Holdings),
Forestry House,
Great Haseley, Oxford.

Liberals in Europe

From Mr. G. Watson

Sir,—As a Conservative of European views, Mr. Paul Hawkins, MP (March 1), shows an impressive ignorance in suggesting that the Continental Liberals he prefers to the British would not think of working in Government with Social Democrats. Coalitions of Liberals and Social Democrats have been commonplace in northern Europe in the past 30 years. The most noted instance is in the Federal Republic of Germany, which has been governed by a Lab-Lib coalition since 1969. The results include a standard of living about twice as high as the British, and they should be too celebrated by now to be questioned in a newspaper published in Frankfurt as well as in London.

The simple truth, as Mr. John Rix (March 10) rightly suggests, is that the British people have never voted for the Labour Party, which owes its periods in Government since 1945 to an electoral system maintained with Conservative support. For so long as the Conservative Party says no to electoral reform, its claim to be anti-socialist must appear, to millions of ordinary people, frankly incredible.

George Watson,
St. John's College,
Cambridge.

Floating charges

From Mr. R. de Ste Croix

Sir,—I agree with your Legal Correspondent (March 8) that the recent case involving Monsanto does not alter the principles established, or at least reaffirmed, in the Romalpa case: In the Monsanto case the relevant clause created a floating equitable charge which was void against the insolvent company's other creditors under Section 95 of the Companies Act 1948 because it should have been registered at Companies Registry.

If sellers wish to reserve the ownership in goods delivered until the buyer has paid in full, then the sensible step is to provide in the relevant conditions of trading that the property in the goods does not pass to the buyer until he has paid in full for all the goods. The buyer is then no more than a bailee in possession, and the unpaid seller can recover the goods from the buyer, or his receiver, so long as the goods have not been sold to an innocent third party purchaser.

Richard de Ste Croix.
10, Lincoln's Inn Fields,
WC2.

The question of blasphemy

From Mr. W. Forbes, QC

Sir,—It is interesting to see that the piece by "Justinian" (February 26) on the recent House of Lords judgment in *R. v. Lemon* (the Gay News blasphemy case) has evoked correspondence in your columns, raising again in the public mind the whole question of the place of blasphemy in the law today, the need for such an offence and the requirements of it.

The Law Commission is now working on a consultative document on the subject for publication later in the year on which it will be seeking views from as wide a spectrum of opinion as possible. This and the ensuing consultation will be preliminary steps in the preparation of a report with firm recommendations.

W. A. B. Forbes, QC
(Law Commissioner).
Conquest House,
37/38 John Street,
Theobalds Road, WC1.

Second terminal at Gatwick

From the Chairman, Gatwick Area Conservation Campaign

Sir,—I would like to comment on Michael Donne's excellent article (March 3) on the third London Airport.

There certainly is bitter hostility to the proposal for a second terminal at Gatwick from groups such as ours, and virtually every local authority including the West Sussex and Surrey County Councils. The situation at Gatwick is a result of bad government over the past ten years, with difficult decisions on airport siting being postponed for short term political reasons—and this bad planning is continuing. The second terminal at Gatwick was proposed without any consideration whatsoever of the effects on the infrastructure—yet a passenger throughput of 25m is equivalent to Heathrow today. Moreover, major operators at Gatwick are absolutely adamant that a throughput of this size cannot be accommodated on one runway. No other airport in the world achieves anything like this.

We are therefore certain that if a second terminal is built it will almost immediately result in a demand for a second runway, and Gatwick will by default have become a second Heathrow. We simply do not believe that lack of land "rules out a second runway entirely." The West Sussex County Council study indicates two possible sites, and there is no doubt that, if the situation were urgent, British Airports Authority could acquire any additional land it might need.

N. B. Matthewson,
Orltons,
Rusper, Sussex.

Today's Events

GENERAL

UK: Mr. Denis Healey, Chancellor of the Exchequer, and other Cabinet Ministers, meet chairmen of the nationalised industries to discuss pay policy.

National Union of Mineworkers executive considers whether to ballot on recent 9 per cent plus pay offer.

Mrs. Margaret Thatcher, Conservative Party leader, visits Stechford constituency, Birmingham.

Mr. John Silkin, Agriculture Minister, speaks at Hull University on international fishing policy.

Overseas: European Parliament session concludes, Strasbourg.

U.S. hands over naval and air bases to Philippines Government.

Mr. Harold Brown, U.S. Defence Secretary, in Cairo for three days.

OFFICIAL STATISTICS

Deartment of Employment publishes the retail prices index for February.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' motions.

COMPANY RESULTS

Final dividends: Church and Co. Diamond Shamrock Europe. Gough Brothers. Hall Engineering (Holdings). Noble and Lund. Interim dividends: Finance and Industrial Trust. R. Green Properties. Lake and Elliot.

COMPANY MEETINGS

Bluemel Brothers, Wolston, Coventry, Warwickshire, 11.30. Brunner Investment Trust, 20 Fenchurch Street, EC, 12.45. Cardiff Malting, Angel Hotel, Cardiff, 12. Dewhurst Dent, Union Mill, Vernon Street, Bolton, 12. Glasgow Stockholders, 181-195 West George Street, Glasgow, 12. Harris Lebus, Winchester House, London Wall, EC 12.

BP moves forward on contribution from Sohio

MARGINAL ADVANCE in taxable income of £6.5m to £565.9m in the final quarter of 1978 left **British Petroleum**, the 51 per cent Government-owned oil group, showing £38.3m growth to £2,224.6m for the full year.

Lower tax helped produce a much sharper improvement at the attributable level of £140.3m to £444.4m. This followed the £22.4m downturn at nine months.

The results of Sohio, in which the group's stake reached 52.2 per cent in October, have been consolidated into the total for the whole 12 months. In 1977 this investment was only reflected according to the size of the equity holding averaging some 29 per cent.

Excluding Sohio's contribution of £152m (£29.3m) BP's income before extraordinary debits, was down from £329m to £292.4m.

Against a general slowdown *in the rise of oil consumption* in industrialised countries, from 2.5 per cent to 1.5 per cent, the group's crude oil sales were up from 75.7m tonnes to 89.2m tonnes of which Sohio accounted for 17.1m. Overall tonnage sales of crude, oil and chemical products and coal were up at 216.4m (175.4m), worth—after duties and sales taxes—£14.28bn (£12.16bn). Other income remained at £223.5m (£223.6m).

Earnings per £1 share are stated at 114.8p (92.6p) for a return on average net assets of 12.6 per cent (11.2 per cent). The net total dividend is stepped up to 24.68p (22.331p) by a final of 16.885p.

Capital spending during the year amounted to £1.09bn (£795m) and the after tax profit £592.1m (£465.1m) represented a 11.2 per cent (9.8 per cent) return on average capital employed. Of the total capital outlay some £261m was spent by Sohio mainly on the continuing development of the Prudhoe Bay field in Alaska. In addition group acquisions of assets by investment amounted to £206.7m (£12.3m) *primarily in* chemicals.

Currency movements are estimated by the directors to have reduced reported income by £42m (£55m).

Oil production from the Forties Field averaged 502,000 (414,000) barrels per day its contribution to pre-tax income was lower because dollar crude prices were under pressure for much of the year; the dollar weakened against sterling; and operating costs and depreciation were higher, the directors say.

Prudhoe Bay field production rose and by *the end of the year* the Trans-Alaskan pipeline was operating at its design capacity of 1.2m barrels per day of which Sohio's share averaged 579,000 barrels.

Sohio has recently abandoned the Pactex crude oil pipeline project, which would have provided an alternative means of moving Alaskan oil surplus to U.S. West Coast needs to markets east of the Rockies, and intend to charge the initial costs incurred against 1979 income.

Slower economic growth has meant that the oil industry has continued to be burdened by surplus distillation and shipping capacity and the BP refinery at Rotterdam was shut down for two months in the summer.

Some improvement in chemicals price levels in the latter part of the year was barely adequate to offset the group's increased costs. Consequently the contribution of the group's chemicals sector, was virtually unchanged at £24m (£22m) before Sohio's £10m contribution.

	1978† £m	1977 £m
Sales & op. revenue*	14,278.0	12,163.8
Other income	223.5	223.6
Cost of sales	9,802.5	8,648.5
Distribution expenses	1,408.5	1,041.4
Depreciation & provs.	595.3	303.7
Interest & fincg. costs	470.6	207.5
Pre-tax profit	2,224.6	2,186.3
Overseas taxation	1,107.7	1,361.9
UK corporation tax	169.0	114.9
UK petroleum tax	355.8	350.2
Net profit	592.1	359.3
To minorities	147.7	1.0
Extraordinary debit	—	54.2
Attributable	444.4	304.1
Preference dividend	0.7	0.7
Ordinary dividend	96.3	86.3
Retained	347.4	217.1

† Sohio's results consolidated for first time. * After £328bn (£2.71bn) duties and sales taxes.

Se Lex

HIGHLIGHTS

British Petroleum has reported a sharp rise in profits towards the end of last year as margins improved, thanks to the elimination of excess oil supplies. Lex also considers the Monopolies Commission's report on the **Lonrho-SUITS** proposals which have been given the go-ahead. There is also a comment on the report from the Council for the Securities Industry on the dispute over the failure of certain brokers and bankers to get their applications in for the gilt-edged issues last month. **Smith and Nephew's latest figures appear to indicate that the recovery phase is slowing down, but at Blackwood Morton** the profit and loss account has moved into the black, though there is no dividend. **Steetley** had a tough year with only its Canadian operations standing out as a good performance. Meanwhile, **Tricentrol's** profits show the benefit from the flow of oil from Thistle.

Wm. Collins rises 13% to £3.6m

TAXABLE PROFITS of William Collins and Sons (Holdings), publisher, rose by 13 per cent from £3.15m to £3.56m for 1978 on a similar increase in turnover, from £53.76m to £60.63m. And profits were struck after a £630,000 rise in interest to £1.86m against £1.23m.

At halfway the directors said that the second six months normally provided the greater part of profits and that these depended on autumn and pre-Christmas sales.

The year's earnings per 25p share are shown as 21.6p (15.8p) and the dividend is stepped up to 5.18p (4.639p) net with a final payment of 3.094p.

Mr. W. J. Collins, chairman, states that sales in the UK advanced by 20 per cent to £28m and were particularly strong in the second half. Currency sales in international markets were 15 per cent higher but when converted to sterling at the year end the increase was reduced to 7 per cent at £32m.

General trade publishing had another excellent year, he says, and the Fontana and stationery and diary divisions achieved above average increases in sales and profits. Children's Bible and reference division with higher sales improved profitability and the book manufacturing plant continued to work at under capacity, he adds.

The strength of sterling had an adverse effect on trading profits of the international subsidiaries; in Australia the results were further reduced by the non-recurring costs of relocating the distribution facilities and offices.

But, in New Zealand, improved sales and reduced overheads resulted in a profit compared with the loss in 1977, he says.

The Canadian subsidiary, with substantially higher sales, improved profits but in the U.S. with sales unchanged from 1977, profits were lower, Mr. Collins explains.

	1978 £000	1977 £000
Turnover	60,531	53,756
Trading profit	5,877	4,806
Depreciation	857	821
Interest	1,862	1,232
Share profit of associate	401	396
Profit before tax	3,559	3,149
Taxation	575	974
Net profit	2,984	2,175
Dividends	715	646
Retained	2,269	1,529

The higher interest charge for 1978 was caused by the higher level of stocks carried throughout the year together with financing costs of the new distribution centre in Australia. By the year-end the high level of stocks had been reduced with the result that borrowings were less than £2m up on 1977.

Exchange losses on assets held *overseas amounting to* £268,000 have been charged against the 1978 results following the rise in sterling.

Figures for 1977 have been adjusted following a change in the deferred tax policy of the associate company.

• comment

William Collins has done well to pick up some market share in the UK but the recovery programme has been slowed down by a sharp increase in interest charges and the effects of a stronger pound. Stocks have jumped by around a fifth to an uncomfortably high level of about £23.5m (mainly due to the new distribution centre in Australia) while unfavourable currency movements probably cost in excess of £0.5m. Nevertheless, the company managed to maintain margins and profits are 13 per cent higher pre-tax. With demand still relatively flat, the book manufacturing plant continues to be under-utilised and prospects for the current year must remain unexciting. However, Collins will not incur any more relocation expenses in Australia and the company should have some success in cutting back on stock levels. The Ordinary shaers, at 160p, are on a p/e of 7.3 while the yield of almost 5 per cent is covered just over four times. The low tax charge puts the rating almost on a par with the publishing sector.

London Inv. Trust shows similar loss

Excluding results from its former subsidiary, BRC-Hightower, **London Investment Trust**, formerly Catel Trust, incurred a similar pre-tax loss of £2,869 for the year ended March 31, 1978, compared with £2,691 previously.

The loss was before a tax charge of £5,194 (£2,725 credit) and extraordinary debits of £242,572 (£144,704).

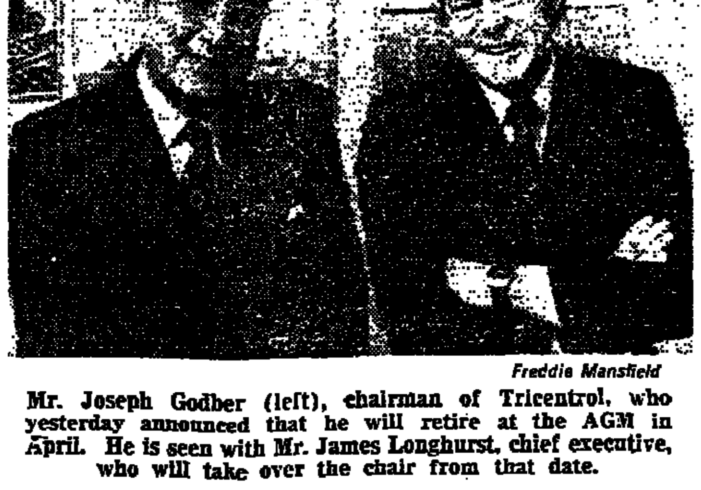
Net asset value is shown at 0.9p (1.48p) per 5p share. As already announced, no dividend is again payable.

At the year-end, the company owned 62⅔ per cent of BRC-Hightower. This has ceased to be a subsidiary following the sale of 33⅓ per cent of its shares to Mr. B. H. Aucott, managing director of Charles Clifford, for £1 in consideration of his agreeing to supervise its management without remuneration for at least two years.

BRC-Hightower incurred a loss after extraordinary items of £155,268 for the March 31, 1978 year, compared with a £287,706 deficit for the period from June 18 1975, to March 31 1977.

Following the changes in directorate announced last November, the new board of LIT intends to revert to the original policy of investing in a general portfolio of securities.

Those will concentrate on investment in small companies where the board considers there are above average prospects for growth.



Freddie Mansfield

Mr. Joseph Godber (left), chairman of Tricentrol, who yesterday announced that he will retire at the AGM in April. He is seen with Mr. James Longhurst, chief executive, who will take over the chair from that date.

Smith and Nephew up 18% to over £20m

WITH TAXABLE profits up from £5.54m to £6.42m in the last 13 weeks of 1978, **Smith and Nephew Associated Companies** ended the year 18 per cent higher at a record £20.54m, compared with £17.33m previously. External sales rose 8 per cent to £176.3m.

On current year prospects, the directors say that in spite of general industrial unrest in the UK it is expected that first quarter profits will be around 10 *per cent ahead of the same* period last year.

They expect 1979 to be another growth year.

Operating profits for 1978 expanded 9.2 per cent to £22.34m, before reduced exchange losses and interest charges of £0.52m (£1.07m) and £2.9m (£3.34m) respectively. Associates' contributions increased from £1.3m to £1.83m.

A major improvement was achieved in toiletries and cosmetics and in exports by UK companies, the directors report.

Tax charge for the year, at £6.26m (£4.45m) excluding UK deferred tax, showed a marked increase primarily due to reduced stock appreciation relief.

Stated earnings per 10p share, before extraordinary debits of £0.3m (£0.53m) advanced 7.1 per cent from 8.54p to 9.15p—allowing for a full deferred tax provision the figure would have shown a 17.9 per cent increase to 6.78p.

A final dividend of 1.7802p lifts the total net payment to 2.6907p, compared with the previous year's 2.4341p which included a supplemental 0.0245p paid with the 1978 interim. Retained profits emerged at £8.52m (£7.83m).

Net borrowings were reduced £4.7m to £25.1m at the year-end.

• comment

Smith and Nephew ran into big difficulties five years ago when it was forced to make thumping great provisions against its then new acquisition U.S. Gala. Taxable profits in the last two years have advanced by 23 and 18 per cent respectively and with the company's forecast of roughly a tenth for the current quarter, the recovery phase appears to be petering out. Admittedly currency movements have not helped but the question now must be where does S and N go from here. Certainly Gala's future seems more assured and its much reduced losses made a major contribution to the jump in toiletries and cosmetics. Medical and Health Care, where foreign exchange difficulties held back exports to Africa, was perhaps a shade disappointing but the company has some new high technology products which should command better margins. Meanwhile the personal hygiene side, which made good progress in 1977, suffered a delayed price increase last year but this should show through in the current period. Elsewhere the plastics division is probably over the worst and the textiles side, which supplies the less depressed high quality end of the market, apparently continues to grow. Despite all this it is difficult to get excited about the shares which at 77p stand on a pe of 8.2 (more than 11 fully taxed). These ratios are both higher if fully diluted, while the yield is an unspectacular 5.4 per cent.

Scottish Provident bonus up

The Scottish Provident Institution has increased its interim bonus rates as from April 1, 1979 and its with-profit contracts. For whole life and endowment assurances, other that the pre-1959 "distinctive system" whole-life, the rate is lifted to £4.35 per cent per annum of the sum assured and attaching bonuses from £4.70 per cent. Under the "distinctive system" the new rate is 15p higher at £4.05 per cent per annum compound.

On the self-employed and "E" type pension plans the new bonus rate is £6.25 per cent per annum of the basic benefit and attaching bonuses compared with £6 per cent previously, while on the simplified pension investment funding plan the rate is 105 per cent of guaranteed increment during scheme years commencing in 1978—5 points higher than the previous rate.

The company's claims bonus scale, payable on death or maturity claims remains unaltered. This was last revised at the beginning of 1978. All maturity projections by the company will be based on these new interim rates.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
British Petroleum	16.89	May 17	15.35	24.68	22.33
Wm. Collins	3.09	May 4	2.55	5.18	4.64
Coronet Industrial	0.4	April 2	0.45§	0.4	0.45§
Courtney Pope .... int.	1.2	—	1	—	2.42
HTV .... int.	3.5	May 8	3	—	9
Norvic Secs.	0.5	May 18	1.4	0.5	2.2
Refuge Assur.	6.2	May 4	5.5	9.2	8.1
Sale Tilney	2.94†	June 6	2.67*	5.63†	5.12*
Second City	0.56	May 4	0.5*	—	1.75*
Smith and Nephew	1.78	May 15	1.63	2.69	2.43‡
Steetley Co.	4.47	April 26	3.97	7.26	6.51
Tricentrol	0.84	—	0.66	1.68	1.32
James Wilkes	2.63	May 30	2.37	4.13	3.75
Wolseley-Hughes ... int.	3.86	July 4	3.33	—	7.48
Yule Catto	1.54	—	0.79	1.54	1.39
Harmony Gold	53	May 9	30	90	55

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes supplemental 0.0245p paid with 1978 interim. § For 15 months.

Tricentrol over double but below expectations

WITH RECORD performance in all but one division, Tricentrol, the British controlled international oil, gas and minerals exploration group, more than doubled taxable profit from £3.63m to £8.01m in 1978. Even so this was below the directors earlier expectations.

Of the total £1m, compared with £0.23m came in the last three months.

A decision to drill water injection wells ahead of schedule caused slower growth in production from the Thistle Field than anticipated. While this cut 1978 profits higher world oil prices and later attainment of peak production should increase the value of the oil in the ground, Mr. Joseph Godber, MP, the chairman, explains. He looks to the future with confidence.

Based on a 50 per cent recovery rate independent oil consultants have assessed recoverable reserves in the Thistle Field lower at 450m barrels, against the previous estimate of 525m. This resulted in some £1m increase in depletion charges for 1978.

With Tricentrol Oil Corporation now producing oil and gas in the UK, it showed a £4.21m operating surplus (£77,000 deficit) on turnover of £14.39m (nil). This company has, for the first time, applied in the capacity of operator, for itself and two multi-national consortia, for further blocks in the North Sea bidding.

The commercial side of the industrial subsidiary performed well with the automotive division's profits reaching £2.2m (£1.58m) and the trading side showing an advance from £0.44m to £0.66m.

Group tax, with the deferred element treated in line with SSAP 15, was up from £0.58m to £2.33m for earnings per 25p share 14.9p (8.3p) basic, and 14.1p (8p) fully diluted. The net total dividend is raised to 1.675p *(1.33p) by a 0.8375p final.*

Profits in North America, down from £2.41m to £2.31m were depressed partly as a result of government action in denying the company markets for its substantial shut-in gas reserves in Canada and through increased borrowing costs, the chairman says. In addition the strengthening of sterling cut some £0.35m from the surplus this time.

	1978 £000	1977
Turnover	141,335	94,815
Operating surplus	9,021	4,488
Research expend.	110	74
Head office costs	587	288
Interest payable	465	440
Int. receiv.	335	640
Exceptional debits	183	899
Pre-tax profit	8,011	3,627
Tax	2,325	580
Net profit	5,686	3,047
Loan stock interest	5	56
Attributable	5,681	2,991
Dividends	661	488
Retained	5,020	2,503

The group has maintained a substantial land bank in the region valued at £10m. which provide opportunities for the future, Mr. Godber says.

On the continent of Europe Tricentrol BV fell into a £395,000 loss, against a £198 profit, in another year of severe trading conditions, which continue. Here important reviews are now in hand.

Mr. Godber himself will step down as chairman at the annual meeting. His place will be taken by Mr. James Longcroft, who will continue as chief executive.

Proposals for the introduction of a profit-sharing scheme by the group are to be put to members at an EGM to be called shortly.

• comment

Profits from Tricentrol's interest in the Thistle Field took a bit of a knock in the final quarter due to its decision to slash 75m barrels from estimated recoverable reserves. As capital costs related to the field are depleted on a unit-of-production basis the drop meant that an extra £1m in depletion costs was charged against profits in the final period. Elsewhere, margins in the automotive division slipped slightly but the UK trading margins were a little higher. Tricnetril B.V., the European trading division moved into the red but this is being restructured with an additional equity injection of some £1.3m and borrowings have been rearranged. The group has also partially refinanced its Thistle development via a £60m facility—£51m of which has been drawn down—and the two-year moratorium on capital repayment has given the group cash breathing space. The shares dropped 2p to 186p yesterday giving a yield of 1.4 per cent and a fully diluted p/e of 13.1.

BAT looks for moderate earnings rise but warns on exchange rates

A MODERATE increase is expected in the net attributable profit of **BAT Industries** in the current year. But in making this forecast at yesterday's annual meeting, Mr. Peter Macadam, chairman, warns of the impact of exchange rates on the figures.

He told shareholders that any forecast consolidated in sterling terms could be radically affected by changes in currency parities.

Earlier in his statement he pointed out that if the pound had been at the same level at the end of the financial year as it was at the beginning, group operating *profit, translated into sterling,* would have been as much as £34m higher. The operating profit, as already reported, was in fact 5 per cent up at £499m, and taxable profits came out at £433m, against £416m, following a second-half upturn. After increased tax charges net attributable profit was down from £235m to £219m.

Mr. Macadam said interest paid by the group will increase at a greater rate than profits. This was partly because of acquisitions *and investments, and partly* because of higher interest rates. Last year the interest charge rose from £57m to £66m.

On tax he stated that he did not see any significant change in the overall effective rate of group taxation.

He said that tobacco sales volume continued to grow at about the same buoyant rate as last year. Costs were increasing but a special effort was being made, ti improve efficiency.

Price competition, intensified by the depreciated dollar, was an adverse factor in export markets but he expected an overall increase in operating profits from the division.

International stores was *making some recovery and retail-* in the U.S. had a good Christmas season with Saks continuing its upward trend. An improvement was expected from Gimbels. Profits from this division should improve, said Mr. Macadam, but will not yet reach an acceptable level.

Significantly increased profits were expected from the paper division. Appleton's performance was better than foreseen at the time of acquisition and Wiggins Teape was also forecast to push up profits.

Mr. Macadam added that the cosmetics side was improving its performance and the outlook for operating profits was encouraging.

Good premium for Applied Computer

The market value of **Applied Computer Techniques**, the Birmingham based computer services group, almost doubled in the first day's trading on the Stock Exchange's unlisted market yesterday.

Ten per cent of the equity, roughly 262,700 shares, was placed earlier this week at 95p with private clients of sponsoring merchant bank, Singer and Friedlander, broker to the company. Grievson, Grant and Dunbar, a small banking operation which shares a common director with ACT.

The opening trading quotes were 145p-155p but the price quickly leapt to a peak of 195p. It settled back later in the day to around 180p at the close.

Some 300,000 shares changed *hands and vendors—who had* earlier raised around £250,000 by the placement—sold an additional 170,000 shares.

Steetley finishes £3m off despite Canadian increase

...PITE A significant improve...t from its Canadian subsi...es, taxable profits of Steetley ...pany, minerals, chemicals ... high temperature ceramics ...p, fell from £23.5m to ...6m in 1978 on external sales ...50.3m against £239.4m.

...midway the directors ...rted profits down from ...7m to £10.16m on £126.4m ...).2m) sales and said that ...ts in the second half would ...milar to the first.

	1978	1977
	£000	£000
...al sales	250,307	239,378
...g surplus	31,178	33,482
...ciation	7,482	6,793
...st payable	4,466	4,448
...ment income	1,132	1,278
... before tax	20,380	23,499
...x	4,930	4,656
...ias tax	1,098	733
...ofit	14,332	18,110

...change losses at the year-... reduced profits at the pre-...evel by £541,000, of which ...000 was attributable to ...da, and the directors say ... generally, group profits ... lower due to the prevailing ...mic conditions throughout ...world.

...rnings per 25p share are ...n at 46.26p (53.79p) before ...nd 32.64p (41.61p) after—...ok £6.03m (£5.39m) and was ...r mainly due to lower UK ... levels.

...e dividend is increased from ...2p to 7.2626p net with a ... of 4.4726p per share.

...omment

...da, home of Steetley's ...st investment overseas, was the only bright spot in a tough year. Profits responded to past capital investment and the result was sufficient to record an increase in sterling terms, as well as in Canadian dollars. In the UK, the refractory business suffered from lower demand and tighter margins and there were similar problems for the chemical division. Only the minerals activities managed to record an increased result. In Western Europe, where operations are mainly investments in subsidiary companies, results were not good, but effort has been put into the French activities, the largest in the sector, and these are starting to come right. The shares were unchanged at 181p yesterday giving a yield of 6.1 per cent and a p/e of 5.4.

L. Ryan rises to £1.6m

TAXABLE PROFITS of L. Ryan Holdings, plant hire contractor and coal factor, rose from £1.01m to £1.55m in 1978, on turnover of 13.14m against £10.12m.

UK profits before tax jumped from £586,000 to £1.02m, while Belgium was ahead at £534,000 compared with £426,000.

The directors anticipate that, due to the energy situation, the group's products will be in great demand. However, because of the bad weather in the early part of the year, it may well be that the good UK results will not be equalled in the current year.

In Belgium, they add, present indications are that sales price of the product will now recover and that world demand for coal will be affected by the Iranian crisis.

Market forces, they say, together with increased efficiency from the concentration of plants, make it reasonable to expect that Ryan Europe's results will be substantially improved in the current year.

After tax of £133,000 (£254,000), earnings per 5p share are shown higher at 3.51p against 2.27p. There is again no dividend, but the aim is to make further progress in paying off the long-term liabilities this year, say the directors. And once this is completed, they hope to resume payments.

Attributable profit came through at £1.14m against £556,000.

RICHMOND PARK LAUNDRY

Wednesday's report on Richmond Park Laundry stated that the net profit of the company was £45,272, including a £17,572 loss retained by a subsidiary. The loss was incorrectly stated and should have read as £1,572.

HTV ahead to £2.5m so far

WITH an increase in all sectors of the business, HTV Group announces taxable profits of £2.45m for the half-year to January 31, 1979, compared with a previous £1.64m. Turnover was up from £14.79m to £19.63m.

For the whole of the 1977-78 year profits reached a record £3.21m and the directors said they viewed the future with confidence.

Half-yearly earnings per 25p share are shown at 11.15p (8.27p) and the interim dividend payout is increased to 3.5p (3p) net—last year's final was 6p.

	Half-year 1978-79	1977-78
	£	£
Turnover	19,628,586	14,766,899
Television	13,652,007	11,196,578
Fine art	1,409,617	965,063
Pblshg., stnry.	4,566,962	2,605,258
Profit	2,537,569	1,675,959
Television	1,432,744	1,246,036
Fine art	403,660	242,474
Pblshg., stnry.	528,121	†228,514
Property, leasing	175,034	158,925
Int. payable less invsmt. income	82,954	33,391
Pre-tax profit	2,454,615	1,642,568
Tax	1,305,000	990,000
Net profit	1,149,715	652,568
Interim dividend	360,945	309,382

† For 4½ months.

Exchequer levy of £2.38m (£2.1m) has been charged in arriving at profit before tax of the television activity, the directors state.

GRIMSHAWE HOLDINGS

The directors of Grimshawe Holdings say Midland Bank has exercised its option to convert £84,000 subordinated convertible unsecured loan stock into 420,000 ordinary shares. As a consequence its holding is 29.8 per cent of the increased issued share capital of the company.

Sale Tilney advances to £1.94m

AN INCREASE in taxable profits from £1.63m to £1.94m in the year to November 30, 1978, is reported by Sale Tilney and Co., and the directors anticipate that 1979 will be another successful year.

Turnover rose from £58.51m to £64.44m. At the midway stage, when profits were up from £588,000 to £676,000, the directors said present indications confirmed that the group would have a successful year.

After tax for the year of £717,000 (£754,000) stated earnings per 25p share are shown to have risen from 20.4p to 25.7p. The total net dividend is effectively lifted to 5.6306p (5.11875p) on increased capital, with a final of 2.9356p.

Attributable profit came through at £628,000 (£863,000), after an extraordinary debit of £551,000 (nil) and minorities. The extraordinary item includes £497,000 relating to the cessation of production at G. and J. Nickson.

Wolseley-Hughes jumps £1m at six months

A PROFITS jump of around £1m is reported by Wolseley-Hughes at the interim stage. With sales higher at £78.2m against £63.72m, taxable surplus rose from £4.46m to £5.45m for the six months to January 31, 1979.

The directors believe that the outlook for the immediate future continues to be reasonably bright.

For the previous full year, the group, which has interests in merchanting, agriculture, and gardening and engineering achieved a record pre-tax profit of £9.07m.

The interim dividend is stepped up from 3.3275p to 3.6603p net per 25p share—last year's final was 4.1559p.

Interest charged for the six months was £0.46m (£0.31m) and the result was subject to tax of £2.83m (£2.32m).

● comment

Important changes are taking place at Wolseley-Hughes. The loss-making electrical wholesale side is being run down and while this involved extra costs in the first six months and may require further provisions in the second half the group will undoubtedly begin the next financial year on a much sounder footing. Elsewhere the other activities all appear to be enjoying a continuation of last year's buoyant trading. Central heating, for example, where growth seems likely to slow down sometime in the next few months, as yet shows no sign of succumbing to projections of lower consumer spending and scarcer housing finance. Lawnmowers are also benefiting from sustained demand while the engineering companies, stripping out last year's exceptional Middle East contracts, are up on the comparable period. In spite of the bigger interest charges, which reflects higher interest rates, borrowings are more or less unchanged and as one of the country's largest central heating distributors, the company seems well placed to ride out any underlying changes in market conditions. At 264p the shares (assuming full-year profits 25 per cent better at £11.1m) are on a prospective fully taxed p/e of 6.5 and a yield of 4.7 per cent.

James Wilkes jumps to £576,000

A SECOND-HALF boost helped lift the taxable profits of James Wilkes, business forms and equipment manufacturer, from £471,152 to £575,892 in 1978 on turnover ahead from £7.7m to £9m.

At midway the group turned in pre-tax profits 11 per cent ahead at £256,438, against £230,253 and the directors then said the second half should contribute about the same profit as the first six months.

After tax of £221,800 (£246,381) stated earnings per 25p share are well up from 7.2p to 11p. The final dividend of 2.625p net lifted the total from 3.75p to 4.125p.

Reasonable start at Henlys

THE FIRST four months of the current year had been reasonably good for Henlys, car dealer, Mr. Gordon Chandler, chairman told shareholders at the annual meeting.

Profits were on a similar scale to those of the corresponding period last year. Trade in February, however, had been comparatively quiet, being affected by the severe weather and the cumulative difficulties cause by the haulage strike.

He remained confident of 1979, "in spite of the possibility of a tough Budget, certainly an unpredictable one."

Increased contributions were being received from other activities, he said, and, coupled with expectations of a continuing healthy market for cars, the company was well placed to take advantage of all opportunities to develop and expand its business.

In 1977-78, taxable profits reached a record £5.7m against £4.32m, on turnover of £191.1m (£160.2m).

BANK RETURN

	Wednesday March 14, 1979	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
...ies	£	£
...	14,553,000	—
...Deposits	28,206,068	+ 1,659,527
...l Deposits	254,930,000	—
...s Deposits	409,653,999	+ 228,633,146
...es & other Accounts	723,138,441	+ 133,111,220
	1,430,481,508	+ 363,303,883
...s		
...ment Securities	761,880,350	+ 278,932,970
...es & Other Accounts	333,122,200	+ 75,511,691
...es Equipment & Other Secs.	321,844,247	— 879,310
...	13,432,376	+ 9,748,524
...	202,335	— 10,192
	1,430,481,508	+ 363,303,883
ISSUE DEPARTMENT		
...TIES	£	£
...ssued	8,925,000,000	—
...culation	8,911,567,624	— 9,748,524
...nking Department	13,432,376	+ 9,748,524
...ment Debt	11,015,100	—
...overnment Securities	7,618,396,894	+ 250,725,908
...ecurities	1,295,588,006	— 250,725,908
	8,925,000,000	—

BMK

BLACKWOOD MORTON & SONS (HOLDINGS) LTD.

Interim Statement

...Unaudited Group results for the six months to 31st December ...978 are as follows:—

	Six months to 31st Dec. 1978	Six months to 31st Dec. 1977
	£	£
...ales	13,093,947	12,549,414
...rading Profit before Depreciation and Bank Interest	688,689	261,859
...ess: Depreciation	215,827	250,448
Bank Interest	245,746	183,801
	461,573	434,249
...rofit/(Loss) before Tax	227,116	(172,390)
...ax (Including Deferred Tax)	102,000	(85,000)
...rofit/(Loss) after Tax	125,116	(87,390)
...xtraordinary Items (net of Tax and Deferred Tax) — note	174,200	(102,000)
...rofit/(Loss) after Tax and Extraordinary Items	299,316	(189,390)

...OTE

...ollowing the decision to discontinue the trading ...ctivities of the Canadian and Australian subsidiaries ...he land, buildings and plant of these companies have ...een sold. The gain arising on the closure of these ...usinesses, net of UK and overseas taxation including ...stimated tax on capital gains of £58,000, comprises ...he extraordinary item figure of 1978.

...he figures quoted above include the following results ...or the Canadian and Australian subsidiaries:—

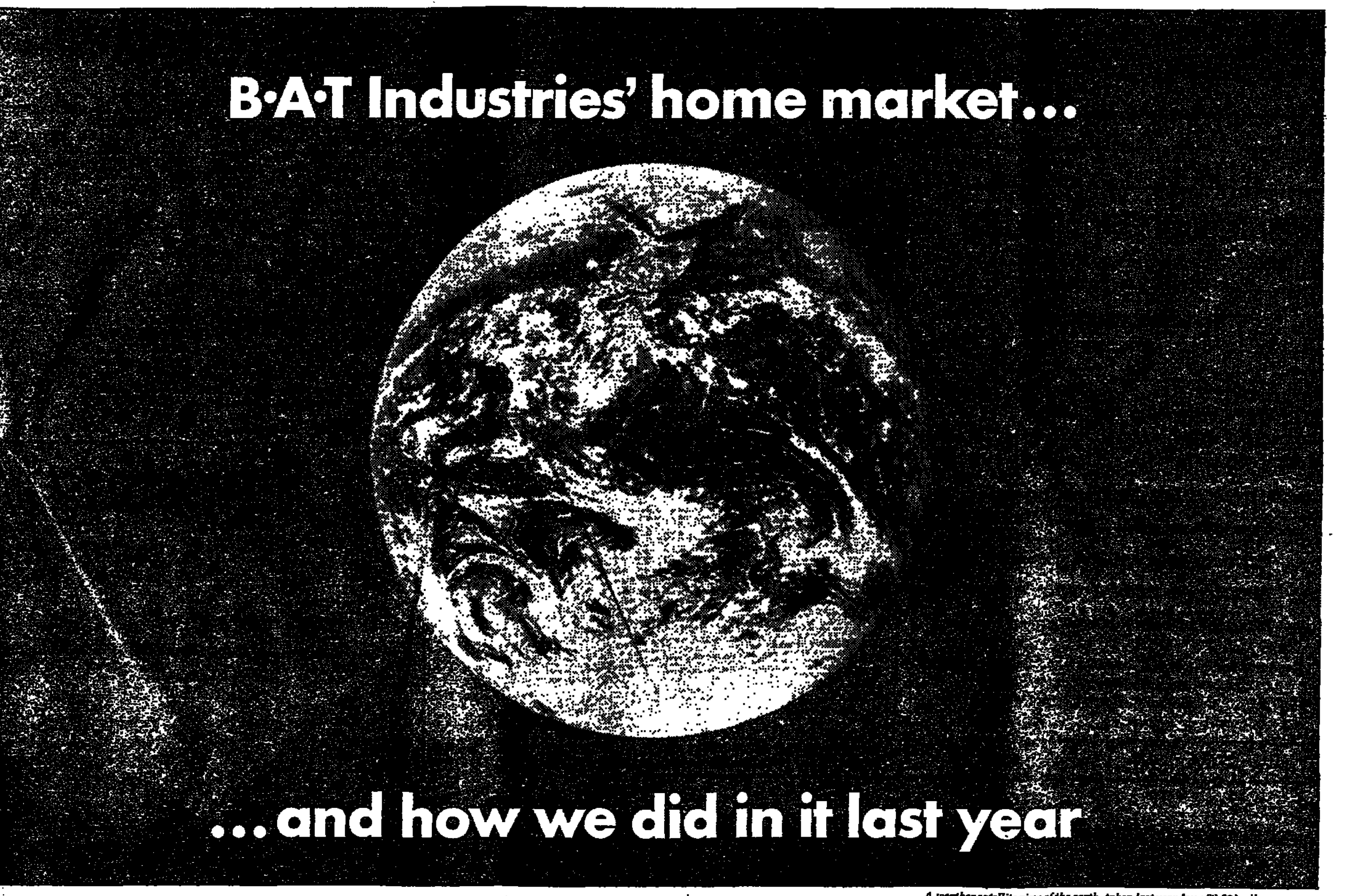
	1978	1977
	£	£
Sales	392,394	*790,538*
Loss before and after tax	Nil	*66,660*

...he improvement in profitability for the six months to ...1st December last compared with the corresponding ...eriod of the previous year arises from the closure of ...he Canadian factory and a small improvement in ...argins elsewhere. Increased sales at home were offset ...y a reduction in exports and as a result the total ...olume of sales was slightly reduced.

...he Balance Sheet will be strengthened by the increase ...n Shareholders' Funds arising out of the closures in ...anada and Australia and overdrafts have been ...educed with a beneficial effect on interest charges.

...ales since 1st January, 1979 have been adversely ...ffected by the national strikes by road transport drivers ...nd other groups of workers and by the weather ...onditions in January and February. Recently, there ...ave been large increases in the prices of synthetic ...ibres and other oil based materials used by us and wool prices have also risen substantially. The additional costs will require to be reflected in increased prices for our products.

As last year, no interim dividend is being declared. The Board have decided that, with all the political, industrial and economic uncertainties that persist today, it would be prudent to defer consideration of payment of a dividend for the year to 30th June, 1979 until the results for the full year are available.



A weather satellite view of the earth, taken last year from 22,000 miles.

Out of nearly 200 countries in the world, B·A·T Industries last year traded in more than 140 and manufactured in 78. For us virtually the entire globe is a "home market", with over 82% of assets outside the U.K. Nor is our diversity purely geographical. We are in tobacco, retailing, paper and cosmetics.

Some highlights of our year: tobacco sales grew in volume by over twice the world average; the acquisition of Appleton Papers reinforced the Group's position as one of the world's leading manufacturers of carbonless copying papers; in cosmetics, Lenthéric is now Britain's leading fragrance house.

All this, and much more, resulted in a turnover (including £2,547 million tobacco excise) of £6,676 million and an operating profit of £499 million in the year ended 30th September 1978.

At B·A·T Industries' AGM on 15th March, the Chairman said: "During the year all four Divisions made steady progress. Operating profit was £499 million or 5% higher than the previous year. Comparisons of performance are made increasingly difficult by the strengthening of sterling against many currencies, which adversely affects transactions across exchanges and means that, when the results are translated into sterling terms for reporting purposes, they appear less favourable. We calculate that had the pound been at the same level at the end of the financial year as it was at the beginning, our operating profit, when translated into sterling, would have been as much as £34 million higher.

Particularly notable achievements for the Tobacco Division were the volume recovery in the West German market, the rapid increase in market share in Venezuela and the continuing growth in Brazil. The Division also benefited from the first full year of trading with Lorillard brands internationally. Four State Express brands have been launched on the U.K. market and a foundation has been laid for growth and profitability.

In retailing, our U.S. operations achieved a substantial increase in trading profit; however, in the United Kingdom International Stores' margins suffered as a result of the "High Street war".

The Paper Division, which has extended its activity into the U.S.A. with the acquisition of Appleton Papers, has achieved commendable results in difficult circumstances.

I am pleased to report that profits are back on an upward trend in the Cosmetics Division.

During the past year, negative factors in Britain have become far more serious. Britain will only find a solution to its economic difficulties if common cause is made in the search for industrial and fiscal policies which will reward the provider of capital and the wage earner alike through increased productivity. The focus of the debate has to change from the current preoccupation with income redistribution to a consideration of the ways in which additional real income can be created.

Prospects: For the Group, last year's growth continues in all divisions despite the uncertainties facing international business. I expect there to be a moderate increase in profit attributable to shareholders for the twelve months to the end of September next, provided there are no major shifts in exchange rates."

Peter Macadam.

Results at a glance

	1978	1977
	£ millions	
Turnover	6,676	6,212
Operating profit	499	473
Profit before taxation	433	416
Net profit attributable to B·A·T Industries:		
before inflation retention	219	235
after inflation retention	166	171
Dividends	49	44

What makes up B·A·T Industries

First and foremost, people. A lot of people. A quarter of a million employees (including those in affiliated companies) spread across six continents, and 150,000 shareholders, help to make B·A·T Industries Britain's third largest company.

TOBACCO We are the world's biggest private enterprise manufacturer of tobacco products. One or another of our cigarettes is the brand leader in 38 countries, including *Kool*, the world's No 1 menthol brand. A notable name, *Henri Wintermans*, is the world's most exported cigar brand.

RETAILING Overseas we own *Saks Fifth Avenue, Gimbel Brothers* and *Kohl Corporation* in the U.S.A., as well as a substantial interest in *Horten A. G.*, a chain of West German department stores. In the U.K. our interests include *International Stores*, a group of superstores, supermarkets, discount stores and food wholesalers.

PAPER *Wiggins Teape* is a major group in its own right, selling paper products in over 120 countries. Its best known brands include *Idem* carbonless copying paper and *Conqueror* writing papers. We also have a 50% interest in the *Mardon Packaging Group*, a leading producer in the fast-growing packaging field.

COSMETICS We manufacture over 3,000 cosmetic products in 38 countries and market them in over 140, including several Eastern bloc countries. Our world-renowned houses are *Yardley, Lenthéric, Morny, Germaine Monteil, Cyclax, Juvena* and *Tuvaché*.

B·A·T INDUSTRIES LIMITED

Tobacco · Retailing · Paper · Cosmetics Worldwide

Copies of the Report and Accounts and the full text of the Chairman's speech at the Annual General Meeting are available from: The Secretary, B·A·T Industries Limited, Westminster House, 7 Millbank, London SW1P 3JE.

DEREK CROUCH LIMITED

Preliminary Announcement of Results for the year Ended 31st December, 1978

	1978 £'000	1977 £'000
Turnover	42,790	30,854
Earnings before tax	2,822	2,467
Taxation	1,464	1,215
Extraordinary items	15	(10)
Dividends	375	336
Earnings retained	968	926
Earnings per share	14.00p.	12.91p.

DIVIDEND: An increased final dividend of 3.111p. per share (maximum permitted) is recommended making a total of 4.3982p. for the year against 3.9387p. for 1977.

The Annual General Meeting will be held at the Great Northern Hotel, Peterborough, on Thursday, 5th April, 1979, at 12 noon.

The full report and accounts will be posted to shareholders on Thursday, 15th March, 1979.

Head Office: Peterborough, PE6 7UW

UK COMPANY NEWS MINING NEWS

Barclays hopes to see bad debt reduction

In the decade to 1977 Barclays Bank wrote off an average of about £18m a year in bad debts, says Mr. Anthony Tuke, chairman, in his annual statement.

This represents 2.3 per cent of all the money lent by the group at the end of the last year which was the first in which the clearing banks moved towards greater disclosure on accounting. Mr. Tuke says the figure can be regarded as acceptable, as it covers "some of the most difficult years in the field of lending money that any of us can remember."

The accounts show that the total provision last year against bad and doubtful debts was down £43.6m at £400m.

Mr. Tuke adds that the group hopes to see a reduction in the percentage in the future.

Barclaycard's pre-tax profit exceeded £10m last year. Turnover was more than £800m and outstanding balances over £300m. Mr. Tuke says they try to assess Barclaycard as an independent business with its own capital base.

The profit compared with losses averaging something like £1m a year during the first few years of its existence.

As to bad debts on the Barclaycard side Mr. Tuke points out that as the turnover has grown the percentage to total lending has decreased—from 1.3 per cent in 1975 to 0.45 per cent in 1978. He adds that this is by no means an unacceptable figure for unsecured personal lending.

The group feels that the major development of Barclaycard is still to come, and that it will play a very important part in retail banking during the next ten years.

On the international side he explains that the group is continually spreading its risks mainly by investing in countries with a solid base of political stability. In that connection they have agreed to acquire all the capital of American Credit Corporation for $197m, subject to Federal Reserve Bank permission.

The bank has also expanded in Europe, particularly in the EEC. Mr. Tuke advocates joining the European Monetary System which, although he says there are practical, political and economic problems, would aid monetary stability. Britain, he adds, is not strong enough to isolate itself from this collective venture.

Meeting 54 Lombard Street, EC, April 11, 2.30 pm.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Berry Trust, Finance and Industrial Trust, Goodman Brothers and Stockman, R. Green Properties, Johnson and Firth Brown, Lake and Elliot, W. Tyzack and Turner, Alfred Walker.

Finals: Camellia Investments, Church, Finlay Packaging, Gough Brothers, Hall Engineering, A. Jones, Montague Boston Investment Trust, Noble and Lund.

FUTURE DATES

Interims—	
Mitchell Cotts	Apr. 5
Saga Holidays	Mar. 22
Smiths Industries	Apr. 10
Waring and Gillow	Mar. 20
Finals—	
Banro Consolidated Industries	Mar. 21
Bowring (C. T.)	Mar. 22
CSC Investment Trust	Mar. 26
Central Assets	Mar. 2[illegible]
Hanger Investments	Mar. 2[illegible]
House of Lerose	Mar. 21
Inveresk	Mar. [illegible]
Lane (Percy)	Mar. 29
Martin (Albert)	Apr. 10
Matthews (Bernard)	Mar. 29
Scottish Television	Apr. 6
Silhouette (London)	Apr. 27
Sykes (Henry)	Apr. 5
Tilling (Thomas)	Mar. 21
Turner (W. and E.)	Mar. 21
Winston Estates	Mar. 22

Overseas closures boost BMK–midway turnround

THE directors of **Blackwood Morton and Sons (Holdings)**, BMK carpet manufacturer, report a turnround from losses of £172,390 to taxable profits of £227,116 for the six months to December 31, 1978. They attribute the improvement to the closure of the group's Canadian factory and a small improvement in margins elsewhere.

Sales totalled £13m compared with £12.55m, an increase at home being offset by a reduction in exports. As a result the total volume fell slightly, they add.

For the 1977/78 year Blackwood incurred a pre-tax loss of £304,938 compared with a £244,537 profit previously, and that some £221,000 was attributable to Canada. Last year's single dividend payment was 0.625p net.

Tax, including deferred, takes £102,000 (£85,000 credit) leaving a net profit of £125,116 (£87,390 loss). There was an extraordinary credit of £174,200 (£102,000 debit) for the year being the gain arising from the closure of the Canadian and Australian businesses; this was net of UK and overseas tax including estimated tax on capital gains of £58,000.
after tax, £66,660 for siz months to December 31, 1977.

● comment

In spite of the £0.4m turnround *into the black,* **Blackwood Morton** has not had the confidence to resume payment of an interim dividend. The company is clearly taking a cautious line in view of the second half prospects. On top of the effects of bad weather and the road haulage dispute, there is still the impact of increased raw material prices to be felt later in the year. But the best news is that the company has closed down its loss-making operation in Canada. With the Australian business also out of the way, Blackwood Morton is now operatin gonly in the UK, where demand for carpets is showing a small improvement. However, this market continues to be difficult and a recovery to the heady days of 1973 is still a long way off. Assuming doubled first half profits the shares, at 24p, are on a fully taxed p/e of 8.8. A net dividend of 1p would be covered 2.7 times and offer a prospective yield of just over 6 per cent.

St. Piran holders battle on

Shareholders of the Cornish *mining and construction group* St. Piran were in fighting mood yesterday.

Mr. Michael Payne-Jago of the Western Organised Group of shareholders registered concern over the outcome of the extraordinary general meeting on March 30, which could overturn the present board.

Mr. Payne-Jago is insisting that Cornwall must have a fair share of any future diversification and that "adequate Cornish representation must be appointed to the board of St. Piran."

Another group headed by Mr. E. Bailey has thrown its support behind the proposed new board, headed by Mr. Max Lewinsohn, a director of Dundonian.

However it does have a slight concern. Although the new board would be better for shareholders "because they are entirely free fro mthe "Raper" image, as things stand "there would always be slight concern about independence from Dundonian.

At the request of this group of shareholders the proposed new board has undertaken to "invite two additional independent directors of established repute to join the board."

Shareholders have been concerned about the influence of Mr. Jim Raper over the company's affairs. Although it was thought that Mr. Raper only had 1,000 shares in the group, he was revealed to have a stake of 7 per cent through Gasco Investments, a Hong Kong shell company, earlier this week.

Robinson Brothers tops forecast

Profits before tax of **Robinson Brothers (Ryders Green)**, specialised chemicals manufacturer, rose from £1.5m to £1.63m for 1978, compared with the prospectus forecast of not less than £1.4m.

Turnover of the group, which was made public last June, amounted to £11.49m (£9.43m). After a tax charge of £496,000 (£250,000 credit), net profits fell from £1.75m to £1.14m.

The 1978 charge includes an amount of £254,000 which may be recoverable in future years.

Stated earnings per £1 share dropped from 169.5p to 106.1p and, as forecast, the dividend for the year is 2.5p net.

In yesterday's report, the 1977 pre-tax profit was incorrectly shown as £2m.

Goldsworthy in new mine talks

BY PAUL CHEESERIGHT

THE PACE of discussions has quickened between the joint venturers at the Mount Goldsworthy iron ore operation in Western Australia and Japanese steel mills about a new mine at Area "C," 200 miles south of the existing mine.

Fresh urgency has been injected into the long-running talks by the Mount Goldsworthy partners because reserves at the present mine site are running down and could be exhausted by about 1981.

But a spokesman at Consolidated Gold Fields, which holds 46.6 per cent of Mount Goldsworthy, yesterday denied that any plan had been agreed which excluded the group from the future development.

"No firm agreement to restructure the partnership has been reached to date," he said.

It has been suggested in the Australian press that Japanese interests would pay A$25m (£13.7m) for a 40 per cent stake in a new venture, leaving Utah Development with 40 per cent and MIM Holdings with 20 per cent. The present stake of Utah in Mount Goldsworthy is 33.3 per cent, and that of MIM is 20 per cent.

But some sort of arrangement along these lines is not to be ruled out in the future. It has been the consistent aim of the Mount Goldsworthy partners, first, to extract from the Japanese a firm buying commitment and, second, to attract Japanese finance.

If Japanese finance is forthcoming in the form of equity capital, then the existing shareholdings would in any case have *to be diluted and it is not a foregone* conclusion that all the three members would wish to retain a stake.

In recent years numerous proposals have been canvassed both in talks between the Japanese mills and the Mount Goldsworthy partners and solely among the Mount Goldsworthy venturers.

The issue of future ownership has emerged partly because of the changed atmosphere in the iron ore and steel industries.

In 1976 it seemed that the hopes of bringing Area 'C' to production had been dashed by the signing by the Japanese steel mills of contracts with Hamersley and Mount Newman, the two largest Western Australian producers, for expanded tonnages. Later the recession in the steel industry apparently eliminated thoughts of bringing in new iron ore capacity.

But in Sydney last month, a speech by Mr. Saburo Tanabe, vice-president of Nippon Steel, signalled the possibility of new mines to meet growing Japanese demand in the medium and longer term. Within that context, Area 'C' development looks more likely.

The Mount Goldsworthy partners have in any case realised for a long time that the chances of bringing Area 'C' to production diminished the longer the gap between the running down of the existing mining area and the opening up of a new facility.

Mount Goldsworthy is at present losing money—the Gold Fields share of the deficit in the year to June 1978 was £4.3m—and Utah, as the marketing agent for the mine is currently seeking an interim "hardship" increase in prices from the Japanese.

The mine's price negotiations formally start in April 1980, and are out of phase with those of Hamersley, which has recently won a 6.0 per cent rise, and Mount Newman, which achieved an 8.0 per cent rise.

On the strength of these increases, Utah wants a rise to tide Mount Goldsworthy over until next year.

GOLD ROUND-UP

Harmony Gold Mining, the South African producer in the Barlow Rand group, yesterday declared a final dividend for the year to June of 53 cents (30.8p), considerably above most market expectations. This brings the total for the 1978-79 year to 90 cents, compared with 55 cents in 1977-78.

* * *

A second repayment of 10 cents (5.8p) of capital is planned by **Vlakfontein** of the Gold Fields of South Africa group. Subject to formalities, the repayment will be made in August. The first reduction in capital took place in 1978. Mr. C. T. Fenton, the chairman, said in his annual statement that consideration will be given to a further distribution at the end of the financial year.

* * *

Deelkraal, the developing gold mine controlled by Gold Fields of South Africa, will this year incur R17.2m (£10m) of capital expenditure, Mr. R. A. Plumbridge, the chairman, said in his annual statement. In 1978 R117.1m was spent. Milling at a rate of 60,000 tonnes a month should start at the beginning of 1980.

SKIPTON BUILDING SOCIETY

The 126th Annual General Meeting took place on the 12th March. The following are extracts from the speech made by the President, Mr. Cyril Clarke, F.C.I.S., F.B.S.

1978 was a year of considerable achievement. Receipts from investors totalled £56¼m. and withdrawals were in the region of £47½m. With all the social services available under the welfare state it appears that the old idea of "saving for a rainy day" is now an old-fashioned concept. Taxation and inflation combine to discourage savings and undermine the spirit of independence and self-discipline. Profligate spending, whether by the Government, or by individuals, is not a good thing for the nation, and sooner or later we must change course if the economy is to improve.

Nowadays it takes the savings of 5½ investors to support one borrower, and with house prices continuing to escalate, we must face the harsh reality that unless there is a marked upsurge in net savings, home buyers will find increasing difficulty in obtaining mortgage finance. Last year our mortgage lending of £32½m. was a record, being an increase over the previous year of some 40%. New loans completed totalled 3,580 and the average loan of £8,280 compared with £7,420 in 1977. Last year 31% of our borrowers were first time purchasers, 22% of our lending was to persons whose income was less than £3,500, and 28% was loaned to persons earning between £3,500 and £4,500 per annum. At the end of the year there were altogether some 30,000 mortgages in existence, with an average debt of only £4,246. Mortgage losses at £2,400 are a minimal figure and at the year end not a single mortgage was more than 12 months in arrear with subscriptions.

Housing plays such an important part in the national economy that no Government could afford to allow building societies an entirely free hand in the conduct of their own affairs. Like so many other institutions, it appears we shall have to learn to live with a continuing stream of restrictions or directives from Government departments. However, while we may no longer be masters in our own house, it is some consolation to know that the liaison which has been established through the Joint Advisory Committee had created a better understanding between both sides.

Our reserves are being well maintained and at over £7m. represent 4.3% of total assets. Liquid funds which stand at £35m. represent 21% of total assets and will enable the society to continue lending at a reasonable level until market rates subside and there is a marked improvement in the net inflow of investments. The recent announcement by the Bank of England of a 1% reduction in minimum lending rate is a welcome step in the right direction.

Total assets in 1978 increased from £150m. to £166m.; a growth rate of over 10% which I would suggest is a creditable performance having regard to the prevailing financial climate.

DELTA INVESTMENT COMPANY LIMITED

(Incorporated under the laws of the Bahamas)

Interim Statement (Unaudited)

	6 months ended 23.1.1979 US$000	24.1.1978 US$000
Net Assets	20,938	4,615
Net Deficit	387	143
Net Assets per Share	US$1.83	US$1.21

BERISFORDS LIMITED

Manufacturers of ribbon, labels, trimmings, embroidery and lampshades

Year ended 18th November

	1978 £	1977 £
Group turnover ...	8,578,000	7,442,000
Profit before tax	1,153,000	1,035,000
Earnings per share	26.8p	22.9p
Dividend per share	2.86p	2.44p

John F. Sebire, O.B.E., Chairman, reports:

★ Exports increased by 20%
★ Major capital expenditure planned for 1979
★ Satisfactory start to current trading year
★ Excellent industrial relations.

Copies of the Report and Accounts may be obtained from:
The Secretary, Berisfords Ltd., P.O. Box 2
Congleton, Cheshire CW12 1EF

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BIDS and DEALS

Tilling in £22m U.S. deal

Thomas Tilling is poised to make its largest U.S. acquisition yet. The British group has agreed to pay U.S.$44m cash (£21.6m) for the north-eastern seaboard construction materials business of Ashland Oil.

Tilling — one of the UK's top industrial concerns — has earmarked around £100m for U.S. acquisitions. The Ashland deal will take the group's spending on purchases there to almost £75m in the past 14 months.

Previously the group's spending on individual acquisitions in the U.S. has been moderate. Earlier this month Tilling announced that it had paid U.S.$22m (£10.9m) for Cleveland Corporated, the Cleveland-based insulation products manufacturer.

Tilling said yesterday that the activities it has agreed to acquire from Ashland generated U.S.$100.4m (£49.1m) sales and pre-tax profits of U.S.$8.6m (£4.2m) in the year to September 30, 1978.

The business, which is the regional operation of Ashland-Warren, employs about 1,500 people. The activities include large-scale quarrying, manufacture of ready mixed concrete, and the supply of coated stone and other products for construction.

The sale followed Ashland's announced intention to dispose of most of its oil and gas and non-energy properties so as to concentrate on chemicals, refining and marketing. The remainder of the Ashland-Warren business is not being sold because bids were too low.

The British group appears to be set on further expanding its U.S. construction interests and is forming a new U.S. holding company Tilcon Holdings which will control the newly acquired Ashland business and any other investments in the U.S. construction materials field.

The Ashland deal will mark Tilling's eighth major purchase in the U.S. since the group embarked on its North American expansion programme.

GREYCOAT IN LEASE DEAL

Greycoat Estates, which was created out of the merger with Chaddesley Investments last summer, has just announced a significant property and share deal.

It has acquired from the Rank Organisation the lease it held on Imperial House and Quadrant Arcade, a property at the bottom end of Regent Street between the Cafe Royale and the Aquascutum store.

It is paying for the lease in shares, 813,336 worth £810,000, which Rank has already conditionally placed in the market. Because the share issue will increase Greycoat's equity by 11 per cent., shareholders' approval must be gained.

Greycoat, which has just let its Hudson House, Covent Garden refurbishment within a fortnight of marketing it, also intends extensive refurbishment for Empire House as and when the sub-leases fall in.

The 25,500 sq ft of offices are let to de la Rue, the security printers. The lease runs out in 1981. The shop leases fall in from this year on.

Greycoat has recently emerged as a major development force. In partnership with Standard Life it is about to start building 790,000 sq ft of offices on the former Port of London Cutler Street warehouse site.

EARLY DEFENCE MOVE BY BREEDON

Breedon and Cloud Hill Lime Works has come out with an early defence against any possible bid arising from Ferguson Industrial Holdings.

Ferguson has recently built up an 8.7 per cent holding in Breedon of 354,300 ordinary shares.

Mr. P. H. Lloyd, the chairman of Breedon, tells shareholders that both he and his colleagues "cannot be sure at this stage whether the persistent buying by Ferguson of your company's shares foreshadows a bid . . . by Ferguson."

He adds: "I can tell you that your board would regard such a move by Ferguson as being without logic or merit from an industrial and commercial point of view."

And as a practical gesture towards any defence that might become necessary Breedon has promised to propose in respect of the year ended January 31, 1979, the maximum dividend permitted under present legislation.

J. BARNSLEY AND M. B. WILD MERGE

The merger is announced between John Barnsley and Sons, and M. B. Wild and Company of Birmingham.

Both companies are in the same field of manufacture, and it is thought that combined efforts would give a greater production range, both on the home and overseas markets. It is expected that the combined turnover of both will be between £4m and £5 per annum.

L & G buys 29% stake in City Offices

Legal and General Assurance has bought a 29 per cent stake in the City Offices Company from British Land for £6.6m.

The price, 85p per share, represents a 4p premium over City Office's value in the market yesterday.

L and G holds no other shares in City Offices, its merchant bank advisers, Morgan Grenfell, confirmed last night.

No automatic bid would therefore be triggered off by the deal.

The insurance company said that it would welcome a meeting with City Offices, "in due course" to discuss the "ongoing relationship."

British Land only acquired the shares in City Offices last October when it bought the stake previously held by a subsidiary of British and Commonwealth Shipping. It paid £4.97m for the holding in a share and cash purchase.

City Offices is a cash rich property company with no gearing and achieved profits of £1.3m last year. One of its prime properties is Baltic House which has a current value of £6.6m.

EPC/TRIZEC

MR. EDWARD BRONFMAN, chairman of Trizec Corporation, said yesterday his evaluators of the English Property Corporation assets in the UK and Europe were on their way back to Montreal, but the decision, whether to contest the Reichmanns' 60p per EPC share bid had not finally been made.

"We have to decide if, before we decide when, to make a bid and then we have to consider the price," Mr. Edward Bronfman said after yesterday's annual meeting of Trizec in Toronto.

Asked how high Carena would be prepared to go in the contest, he replied: "I don't know, but the human element comes into it."

"Although there is no bid coming today, who knows about tomorrow?" joked Mr. Bronfman. But he hinted the evaluators' report might produce some action.

The bid by Olympia for EPC remains open until March 23.

GRAIG SHIPPING SELLS VESSEL

Graig Shipping Company has sold its motor vessel "Graigffion," 31,600 deadweight tons, to Global Shipping Company, of South Korea. The vessel was delivered on March 7.

Gross proceeds were £1.99m and its written-down book value at the sale date was £524,355.

The "Graigffion" has been operating at a small profit, before depreciation.

Because the vessel is over 10 years old, the company decided to dispose of her. It now has two bulk carriers of total deadweight tonnage of 80,979 long tons.

CHAMBERLAIN

The offer by Brown and Sharpe Group for Chamberlain Group shares not already owned has become unconditional. Mr. H. D. Sharpe Jr. and Mr. D. A. Roach have been appointed to the Chamberlain Board.

Mr. Sharpe is chairman of the Board and chief executive officer and Mr. Roach is president and chief operating officer of Brown and Sharpe Manufacturing Company of Rhode Island, U.S.

Guthrie sees exceptional growth

Guthrie Corporation, the British plantation group is continuing to resist the £153m bid from Sime Darby Holdings, the international conglomerate.

It has invited those shareholders who have accepted the Sime offer to withdraw their acceptances.

Shareholders are invited to take up this opportunity after reading Guthrie's supplement — "The Future of Guthrie"—which reviews the prospects in the next five years for the four principal parts of the Guthrie business.

Guthrie promises that the next five years are going to be a period "of quite exceptional growth" for its plantation activities.

In North America, Guthrie's manufacturing activities, primarily in high-technology capital goods industries are enjoying "transformed prospects" because of the need for the more efficient use of energy, and new energy conservation programmes.

On other activities Guthrie should benefit from the "development of the Guthrie's Galadari venture, based in Dubai, and handling a wide range of consumer goods as well as the extension of trading activities.

On its textiles operations Guthrie says the main emphasis on improving profit into the 1980s is likely to come from a turnround in the performance of British Carpets.

Guthrie's shares were unchanged at 515p yesterday.

Meanwhile institutional shareholder M and G has built up its share stake to nearly 12 per cent in Guthrie.

Guthrie gives the following reasons for refusing the Sime offer:

● Guthrie is one of the few plantation companies left registered in the UK and therefore providing franked income. "As an investment, it is virtually irreplaceable."

● "The present forecast yield of 8 per cent is higher than the yield on Harrisons and Crosfield (the only comparable company) and appreciably higher than the yield on the equity indices.

● "The dividends on Guthrie have been 10p, 15p and 21p over the past three years, and the forecast for next year is not less than 28p net.

● "At a price of 800p, the forecast yield would still be just under 7 per cent and at 700p, the yield would be at least 5.97 per cent.

● "The growth in dividends is outstanding and a potential 8 per cent yield at a price of 700p might be considered comparable to the yield basis of Harrisons and Crosfield or even Sime Darby itself.

"If Sime needs Guthrie so badly it should pay a premium, and if it takes Guthrie at 1980 figures on a 5 per cent yield, which seems to us the necessary premium to pay for assets, earnings and scarcity value, the price would have to be about £8.50."

BOOKER McCONNELL EXPANDS IN U.S.

Thermotics, an 80 per cent owned subsidiary of Booker McConnell, has acquired the share capital of Metrol Corporation. Both companies are situated in Houston, Texas.

The purchase price is approximately $600,000 and consists of $100,000 payable in cash and the balance in deferred cash instalments over 20 years.

Booker's interest in Thermotics—acquired in August 1978 for $2m—is held through its wholly owned subsidiary, Plenty Group of Newbury, England, which is subscribing $400,000 for additional share in Thermotics in order to maintain its 80 per cent interest.

Plenty, Thermotics and Metrol specialise in oil and gas engineering. The combined annual turnover of Thermotics and Metrol will be some $20m.

DOWTY BUYS 50% OF NORSON POWER

Dowty Group is acquiring a 50 per cent interest in Norson Power, a private company incorporated in Scotland. Norson designs and manufactures diving bell hydraulic winches, underwater pipe alignment systems and hydraulic controls for the offshore oil industry. The company is based in Glasgow with a sales and service depot in Aberdeen.

For the year ended August 31 1978, Norson profit before tax was £127,000 on turnover of £654,000. The consideration is to be satisfied by 200,000 new shares.

AB/SMITHS

Following the announcement on December 15, 1978, that Associated Biscuit Manufacturers had entered into a contract to purchase the business of Smiths Food Group, the purchase consideration, due to General Mills' subsidiary, CPG Products, has been paid and all formalities completed.

RACAL PURCHASE

Racal Electronics has completed the acquisition of 33 per cent of the capital of Microwave and Electronic Systems, as foreshadowed. The consideration is £751,651 cash and 826,462 ordinary shares. Racal is seeking to acquire at same price—£2 per share—the remaining shares of MESL.

INVESTMENT TRUST COMPANIES

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges: at nominal value (6)	at market value (7)	Investment Currency Premium (see note g) (8)
				Pence except where £ stated (see note d)			
	VALUATION MONTHLY						
161.4	Alliance Trust	Ordinary 25p	28/2/79	5.0	301.3	310.3	35.3
91.5	Anglo American Securities Corpn.	Ordinary 25p	28/2/79	3.3	138.1	144.4	17.9
134.0	British Investment Trust	Ordinary 25p	28/2/79	4.85	202.2	206.7	25.2
29.0	Capital & National Trust	Ord. & "B" Ord. 25p	28/2/79	*4.6	183.8	186.8	20.5
11.8	Claverhouse Investment Trust	Ordinary 50p	28/2/79	4.4	117.7	117.7	0.3
12.1	Crossfriars Trust	Ordinary 25p	28/2/79	3.7	121.1	121.1	–
17.1	Dundee & London Investment Trust	Ordinary 25p	28/2/79	2.6	92.8	94.5	6.8
95.7	Edinburgh Investment Trust	£1 Deferred	28/2/79	6.75	304.5	320.9	22.8
46.6	First Scottish American Trust	Ordinary 25p	28/2/79	3.15	130.1	132.2	17.3
12.9	Grange Trust	Ordinary 25p	28/2/79	2.4	114.1	118.5	7.2
73.7	Great Northern Investment Trust	Ordinary 25p	28/2/79	4.5	144.4	147.2	11.5
62.8	Guardian Investment Trust	Ordinary 25p	28/2/79	2.9	115.7	120.6	9.7
32.0	Hume Holdings Ltd.	"A" & "B" Ord. 25p	8/3/79	*6.875	x97.0	x100.7	2.4
86.2	Investors Capital Trust	Ordinary 25p	28/2/79	2.0	110.1	116.4	16.5
23.7	Jardine Japan Investment Trust	Ordinary 25p	28/2/79	0.85	208.0	208.0	55.4
38.7	London & Holyrood Trust	Ordinary 25p	28/2/79	3.6	168.3	172.2	21.0
26.9	London & Montrose Invest. Trust	Ordinary 25p	28/2/79	5.9	272.1	276.6	35.2
51.1	London & Provincial Trust	Ordinary 25p	28/2/79	3.4	159.0	161.9	20.7
116.2	Mercantile Investment Trust	Ordinary 25p	28/2/79	1.7	x58.9	63.2	4.1
	Do. Do.	Conv. Debs. 1983	28/2/79	£4.50	£89.20	£94.70	£6.20
28.3	North Atlantic Securities Corpn.	Ordinary 25p	28/2/79	3.07	129.0	132.2	16.0
55.4	Northern American Trust	Ordinary 25p	28/2/79	3.05	140.2	143.7	19.4
8.0	Save & Prosper Linked Invest. Trust	Capital Shares	28/2/79	–	168.0	168.0	–
133.1	Scottish Investment Trust	Ordinary 25p	28/2/79	3.0	140.3	144.4	16.7
59.9	Scottish Northern Investment Trust	Ordinary 25p	28/2/79	3.36	141.6	150.3	12.6
111.5	Scottish United Investors	Ordinary 25p	28/2/79	1.875	104.7	108.1	16.6
53.3	Second Alliance Trust	Ordinary 25p	28/2/79	6.3	257.9	266.9	30.6
4.0	Shires Investment Co.	Ordinary 50p	28/2/79	9.7336	157.3	157.3	–
44.9	Sterling Trust	Ordinary 25p	28/2/79	6.3	249.0	256.7	29.0
30.4	Technology Investment Trust	Ordinary 25p	28/2/79	2.6	151.9	153.1	17.6
80.5	United British Securities Trust	Ordinary 25p	28/2/79	4.44	179.6	181.0	19.6
23.0	United States & General Trust	Ordinary 25p	28/2/79	6.83	278.4	279.6	30.1
89.0	United States Debenture Corpn.	Ordinary 25p	28/2/79	4.05	122.1	126.5	14.2
	Do. Do.	Conv. Loan 1993	28/2/79	£5.00	£134.30	£139.10	£15.60
	Baillie Gifford & Co.						
127.9	Scottish Mortgage & Trust	Ordinary 25p	28/2/79	3.3	152.5	155.0	16.4
63.8	Monks Investment Trust	Ordinary 25p	28/2/79	1.6	69.3	70.1	7.0
16.5	Winterbottom Trust	Ordinary 25p	28/2/79	5.6	275.5	289.2	34.1
	Baring Bros. & Co. Ltd.						
42.8	Outwich Investment Trust	Ordinary 25p	2/3/79	1.625	73.3	77.3	5.8
25.1	Tribune Investment Trust	Ordinary 25p	23/2/79	1.7	94.9	95.1	13.8
	City Financial Administration Ltd.						
18.6	"Investing in Success" Equities	Ordinary 25p	13/2/79	3.35	238.4	242.2	30.3
	East of Scotland Invest. Managers						
46.1	Aberdeen Trust	Ordinary 25p	28/2/79	3.567	127.9	134.6	10.5
	Edinburgh Fund Managers Ltd.						
62.5	American Trust	Ord. & "B" Ord. 25p	28/2/79	†	61.1	63.3	5.6
21.1	Crescent Japan Investment Trust	Ordinary 50p	28/2/79	1.3	246.0	246.0	52.3
‡14.7	General Scottish Trust	Ordinary 25p	28/2/79	3.35	120.7	123.0	10.1
	Do. Do.	Conv. Loan 1995/2000	28/2/79	£5.50	£153.30	£156.20	£12.80
8.9	Wemyss Investment Co.	Ordinary £1	28/2/79	12.5	396.3	396.3	49.0
	Electra Group Services Ltd.						
77.8	Electra Investment Trust	Ordinary 25p	28/2/79	5.5	151.8	151.8	9.8
‡285.7	Globe Investment Trust	Ordinary 25p	28/2/79	5.5	164.2	164.4	12.3
38.6	Temple Bar Investment Trust	Ordinary 25p	28/2/79	5.5	127.8	130.4	2.8
	F. & C. Group						
21.3	Alliance Investment Co.	Ordinary 25p	28/2/79	3.0	155.4	160.1	16.1
‡23.2	Cardinal Investment Trust	Deferred 25p	28/2/79	4.5	168.1	173.6	17.5
	Do. Do.	Conv. Loan 1985/87	28/2/79	£6.00	£136.10	£140.60	£14.20
7.5	F. & C. Eurotrust	Ordinary 25p	28/2/79	1.0	72.9	72.9	13.5
‡197.7	Foreign & Colonial Invest. Trust	Ordinary 25p	28/2/79	4.525	240.0	249.2	31.8
†	General Investors & Trustees	Ordinary 25p	28/2/79	†	†	†	†
	James Finlay Inv. Management Ltd.						
1.8	Provincial Cities Trust	Ordinary 25p	28/2/79	1.48	38.6	38.6	–
	Gartmore Investment Ltd.						
7.0	Altifund Ltd.	Income 50p	28/2/79	0.415	102.5	102.5	6.7
	Do. Do.	Capital 50p	28/2/79	0.13	287.0	287.0	6.7
26.6	Anglo-Scottish Investment Trust	Ordinary 25p	28/2/79	1.3	68.3	69.3	5.8
25.5	English & Scottish Investors	Ord. & "B" Ord. 25p	28/2/79	*2.65	103.5	109.6	5.0
7.6	Group Investors	Ordinary 25p	28/2/79	1.9	90.4	94.2	8.6
5.6	London & Gartmore Invest. Trust	Ordinary 50p	28/2/79	11.0	95.1	100.4	11.5
11.3	London & Lennox Invest. Trust	Ord. & "B" Ord. 25p	28/2/79	*ac1.667	74.2	77.0	7.6
23.7	London & Lomond Invest. Trust	Ordinary 25p	28/2/79	2.8	109.1	111.7	8.8
11.4	London & Strathclyde Trust	Ordinary 25p	28/2/79	1.6	61.4	65.2	6.7
13.1	Meldrum Investment Trust	Ordinary 25p	28/2/79	2.1	65.1	65.1	0.5
	Gartmore Invest. (Scotland) Ltd.						
75.3	Scottish National Trust	Ordinary 25p	28/2/79	3.9	208.8	212.8	26.5
18.4	Glasgow Stockholders Trust	Ordinary 25p	28/2/79	2.35	145.2	149.6	19.1
	John Govett & Co. Ltd.						
90.9	Border & Southern Stckhldrs. Tst.	Ordinary 10p	28/2/79	1.7	88.3	89.8	9.9
40.9	Debenture Corporation	Ordinary 25p	28/2/79	2.75	96.4	98.5	6.5
13.4	General Stockholders Inv. Trust	Ordinary 13½p	28/2/79	2.3	164.5	176.5	26.1
‡30.1	Govett European Trust	Ordinary 25p	28/2/79	1.8	89.7	89.7	16.2
66.4	Lake View Investment Trust	Ordinary 25p	28/2/79	2.4	138.3	142.0	16.0
	Do. Do.	Conv. Loan 1973/98	28/2/79	£4.00	£183.80	£189.30	£21.30
68.1	Stockholders Investment Trust	Ordinary 25p	28/2/79	3.6	141.2	146.3	19.5
	G.T. Management Ltd.						
20.0	Berry Trust	Ordinary 25p	28/2/79	1.0625	99.1	99.1	11.2
	Do. Do.	Conv. Loan 1993	28/2/79	£4.25	£143.70	£143.70	£16.20
‡22.3	G.T. Japan Investment Trust	Ordinary 25p	28/2/79	2.0	216.7	214.1	18.8
	Do. Do.	Conv. Loan 1987	28/2/79	£8.50	£134.40	£132.70	£11.70
17.9	Northern Securities Trust	Ordinary 25p	28/2/79	3.45	178.3	184.2	18.1
	Hambros Group						
‡25.9	Bishopsgate Trust	Ordinary 25p	28/2/79	6.25	274.4	284.7	17.9
4.5	City of Oxford Investment Trust	Ordinary 25p	28/2/79	3.3	93.8	102.4	–
‡50.4	Hambros Investment Trust	Ordinary 25p	28/2/79	3.75	145.0	159.3	15.7
7.4	Rosedimond Investment Trust	Cap. Shares 25p	28/2/79	–	131.1	131.1	1.6
	Henderson Administration						
‡153.9	Witan Investment	Ord. & "B" Ord. 25p	28/2/79	*2.5	133.2	138.7	16.5
22.8	Electric & General Investment	Ordinary 25p	28/2/79	1.7	112.8	114.0	15.4
7.8	Greenfriar Investment	Ordinary 25p	28/2/79	1.65	139.2	139.2	17.5
	Henderson Administration (cont.)						
6.9	Lowland Investment	Ordinary 25p	28/2/79	2.5	74.6	74.6	2.4
‡2.4	English National Investment	Prefd. Ord. 25p	28/2/79	1.93	35.6	36.6	–
	Do. Do.	Defd. Ord. 25p	28/2/79	2.82	67.4	71.4	–
	Philip Hill (Management) Ltd.						
21.7	City & International Trust	Ordinary 25p	28/2/79	4.7	139.9	145.0	9.1
11.8	General & Commercial Inv. Trust	Ordinary 25p	28/2/79	†	190.2	200.3	10.8
24.6	General Consolidated Inv. Trust	Ordinary 25p	28/2/79	4.25	117.1	120.0	6.5
136.9	Philip Hill Investment Trust	Ordinary 25p	28/2/79	7.9	248.2	252.4	8.6
5.9	Moorgate Investment Co.	Ordinary 25p	28/2/79	3.82	116.6	119.1	1.8
39.8	Nineteen Twenty-Eight Inv. Trust	Ordinary 25p	28/2/79	2.92	93.7	96.9	8.5
	Industrial & Commercial Fin. Corpn.						
11.7	London Atlantic Inv. Trust	Ordinary 25p	28/2/79	3.5	97.0	98.6	3.9
†	North British Canadian Inv. Co.	Ordinary 25p	28/2/79	†	†	†	†
	Ivory & Sime Limited						
50.2	Atlantic Assets Trust	Ordinary 25p	28/2/79	0.4	159.5	166.4	32.9
116.1	British Assets Trust	Ordinary 25p	28/2/79	2.8	100.7	106.7	16.2
37.8	Edinburgh American Assets Trust	Ordinary 25p	28/2/79	1.2	158.6	161.6	36.6
15.3	Viking Resources Trust	Ordinary 25p	28/2/79	1.1	134.0	134.0	17.7
	Keyser Ullmann Ltd.						
49.2	Throgmorton Trust	Ordinary 25p	28/2/79	4.575	107.3	109.3	–
11.9	Throgmorton Secured Growth Tst.	£1 Cap. Loan Stock	28/2/79	–	–	185.9	–
	Kleinwort Benson Ltd.						
29.4	British American & General Trust	Ordinary 25p	28/2/79	1.85	56.6	57.7	3.6
23.7	Brunner Investment Trust	Ordinary 25p	28/2/79	4.0	142.1	144.9	11.9
34.0	Charter Trust & Agency	Ordinary 25p	28/2/79	2.45	78.5	80.8	6.9
44.1	English & New York Trust	Ordinary 25p	28/2/79	3.0	106.1	107.9	9.5
5.0	Family Investment Trust	Ordinary 25p	28/2/79	4.6	113.2	113.2	0.2
3.3	Jos Holdings	Ordinary 25p	28/2/79	2.375	66.4	66.4	2.1
7.0	London Prudential Invest. Trust	Ordinary 25p	28/2/79	3.1	112.0	114.7	7.8
53.3	Merchants Trust	Ordinary 25p	28/2/79	3.0	99.1	102.6	10.9
	Lazard Bros. & Co. Ltd.						
‡53.7	Raeburn Investment Trust	Ordinary 25p	28/2/79	4.05	178.4	185.1	19.7
‡41.0	Romney Trust	Ordinary 25p	28/2/79	3.0	128.6	131.2	16.5
	Martin Currie & Co., C.A.						
11.5	Canadian & Foreign Invest. Trust	Ordinary 25p	28/2/79	3.85	160.5	164.8	19.0
20.7	St. Andrew Trust	Ordinary 25p	28/2/79	4.9	166.7	171.9	17.7
103.8	Scottish Eastern Investment Trust	Ordinary 25p	28/2/79	4.8	183.0	189.7	25.9
26.2	Scottish Ontario Investment Co.	Ordinary 25p	28/2/79	2.175	92.1	93.6	13.5
59.8	Securities Trust of Scotland	Ordinary 25p	28/2/79	6.85	246.8	268.4	31.7
	Murray Johnstone Ltd.						
48.7	Caledonian Trust	Ord. & "B" Ord. 25p	28/2/79	*1.85	111.5	115.3	20.7
73.5	Clydesdale Investment Trust	Ord. & "B" Ord. 25p	28/2/79	*1.9	106.9	109.8	18.3
18.1	Glendevon Investment Trust	Ord. & "B" Ord. 25p	28/2/79	*1.85	136.3	140.8	23.1
7.5	Glenmurray Investment Trust	Ord. & "B" Ord. 25p	28/2/79	*1.95	ac111.9	ac111.9	ac17.2
81.8	Scottish Western Investment Co.	Ord. & "B" Ord. 25p	28/2/79	*2.55	132.7	138.0	22.2
‡27.8	Second Great Northern Inv. Trust	Ord. & "B" Ord. 25p	28/2/79	*20.0	121.1	124.9	21.0
	Schroder Wagg Group						
22.9	Ashdown Investment Trust	Ordinary 25p	28/2/79	4.6	196.8	203.9	25.0
	Do. Do.	Conv. Loan 1988/93	28/2/79	£4.75	£137.70	£142.70	£17.50
8.1	Australian & International Trust	Ordinary 50p	28/2/79	3.0	134.9	134.9	27.4
32.2	Broadstone Investment Trust	Ordinary 20p	28/2/79	5.7	213.6	221.6	28.6
	Do. Do.	Conv. Loan 1988/93	28/2/79	£4.50	£142.40	£147.80	£19.10
52.0	Continental & Industrial Trust	Ordinary 25p	28/2/79	6.4	277.3	288.1	17.5
32.0	Trans-Oceanic Trust	Ordinary 25p	28/2/79	5.5	250.1	257.0	34.3
14.5	Westpool Investment Trust	Ordinary 25p	28/2/79	3.3	152.4	156.1	20.5
	Do. Do.	Conv. Loan 1989/94	28/2/79	£5.00	£137.20	£140.50	£18.40
	Stewart Fund Managers Ltd.						
75.3	Scottish American Investment Co.	Ordinary 50p	28/2/79	2.95	114.9	116.0	8.6
15.3	Scottish European Investment Co.	Ordinary 25p	28/2/79	1.5	58.7	58.7	6.5
	Touche Remnant & Co.						
114.7	Atlas Electric & General Trust	Ordinary 25p	28/2/79	1.9	91.2	94.3	6.1
33.5	Bankers' Investment Trust	Ordinary 25p	28/2/79	2.55	79.6	84.5	5.5
33.5	Cedar Investment Trust	Ordinary 25p	28/2/79	2.75	95.2	97.8	7.0
43.8	City of London Brewery	Deferred 25p	28/2/79	2.76	84.2	88.7	1.5
32.2	Continental Union Trust	Ordinary 25p	28/2/79	3.5	171.4	177.5	15.9
16.9	C.L.R.P. Investment Trust	Ordinary 25p	28/2/79	2.1	101.9	106.7	8.1
191.3	Industrial & General Trust	Ordinary 25p	28/2/79	1.75	78.3	80.7	6.2
43.0	International Investment Trust	Ordinary 25p	28/2/79	2.94	109.6	115.2	7.2
57.5	Sphere Investment Trust	Ordinary 25p	28/2/79	3.3	170.6	175.8	13.9
70.3	Trustees Corporation	Ordinary 25p	28/2/79	4.85	211.9	218.2	12.0
38.7	Trust Union	Ordinary 25p	28/2/79	3.4	157.3	161.8	9.8
	Williams & Glyn's Bank Ltd.						
14.2	Sizewell European Invest. Trust	Ordinary 10p	28/2/79	1.8	107.0	107.0	10.3
2.8	Atlanta Baltimore & Chicago	Ordinary 10p	28/2/79	0.75	64.5	64.5	4.6
3.4	West Coast & Texas Regional	Ordinary 10p	28/2/79	1.1	81.2	81.2	8.1
	VALUATION THREE-MONTHLY						
11.9	Safeguard Industrial Investments	Ordinary 25p	29/12/78	4.0	101.7	103.5	–
	City Financial Administration Ltd.						
5.6	Acorn Securities	Cap. Ordinary 1p	29/1/79	–	124.5	124.5	12.1
22.7	General Funds Investment Trust	Ordinary 25p	22/2/79	5.45	259.0	263.9	24.1
	Do. Do.	Conv. Ordinary 10p	22/2/79	–	227.9	232.2	21.2
	Drayton Montagu Portfolio Mngmnt.						
90.3	Drayton Premier Investment	Ordinary 25p	28/2/79	7.4	271.4	281.9	34.2
	Do. Do.	Conv. Loan 1993	28/2/79	£7.50	£175.10	£181.90	£22.10
	Do. Do.	"A" Conv. Loan 1993	28/2/79	£7.50	£174.90	£181.70	£22.00
‡81.4	Drayton Consolidated Trust	Ordinary 25p	28/2/79	5.2	208.7	216.4	20.5
	Do. Do.	Conv. Loan 1993	28/2/79	£7.50	£167.00	£173.10	£16.40
	Do. Do.	"A" Conv. Loan 1994	28/2/79	£6.50	£175.10	£181.50	£17.20
	Do. Do.	"B" Conv. Loan 1994	28/2/79	£6.50	£178.49	£185.00	£17.50
‡56.1	Drayton Commercial Invest. Co.	Ordinary 25p	28/2/79	5.0	187.8	193.0	18.3
	Do. Do.	Conv. Loan 1986	28/2/79	£6.25	£150.20	£154.40	£14.70
15.6	English & International Trust	Ordinary 25p	28/2/79	3.8	128.9	135.4	11.7
	Do. Do.	Conv. Loan 1986	28/2/79	£7.00	[illegible]	£164.20	£14.10
9.7	Colonial Securities Trust	Deferred 25p	28/2/79	8.1	363.1	379.2	50.2
8.1	British Industries & Gen. Inv. Tst.	Deferred 25p	28/2/79	3.8	155.7	159.8	20.6
	Do. Do.	Conv. Loan 1994	28/2/79	£6.50	£183.20	£188.00	£24.20
6.4	Drayton Far Eastern Trust	Ordinary 25p	28/2/79	1.025	53.1	53.1	12.9
‡2.6	City & Foreign Investment Co.	Ordinary 25p	7/3/79	–	64.8	64.8	14.9
5.8	Montagu Boston Investment Trust	Ordinary 10p	7/3/79	0.875	58.5	58.5	4.6
	East of Scotland Investment Mngrs.						
11.8	Dominion & General Trust	Ordinary 25p	28/2/79	8.5	257.3	267.9	29.8
31.0	Pentland Investment Trust	Ordinary 25p	28/2/79	4.55	164.7	169.3	19.9

* Applies to Ordinary/"A" Ordinary only. ‡ Company will announce year-end or interim results shortly. † Change in the prior charges since the previous published figure. § Includes special dividend. ac Adjusted for scrip issue. ar Adjusted for rights issue. x See note (h) below. ⊕ Not directly comparable with previous published figure. B Dependent on "B" share conversions.

Notes:—

(a) Cols. 1, 6, 7 Quoted investments are valued at mid-market prices; unquoted at directors' valuation; both include 100 per cent. of any investment currency premium after taking into account the premium on any surplus or on any shortfall of foreign currency assets against foreign currency loans.

(b) Cols. 1, 6, 7 All revenue account items are excluded.

(c) Cols. 1, 6, 7 No account has been taken of any liability in respect of taxable gains which might arise on future disposal of investments.

(d) Cols. 5-8 Amounts are per share/stock unit or per £100 Convertible Loan Stock. Column 6 precisely stated; columns 6-8 to nearest one-tenth of a penny per share and 10p per £100 Convertible Loan Stock.

(e) Col. 5 Dividend is the last declared annual dividend or firm forecast, excluding imputation credit. Interest on loan stocks is stated gross of income tax.

(f) Cols. 6-7 Prior charges are deemed to include preference share capital.

(g) Col. 8 The amount per share/stock unit represented by 100 per cent. of the investment currency premium applied in calculating the valuation for Cols. 1, 6 and 7.

(h) Cols. 6-8 Convertible loan/preference stocks are treated in the way which produces the lower n.a.v. per share. Convertible stocks are treated as fully converted at the rate for the next conversion date, or where a figure is marked "x" as prior charges: warrants or subscription rights are treated as unexercised

AITC

A free booklet "Investing in Investment Trust Companies" is available from The Association of Investment Trust Companies, Park House (6th Floor), Finsbury Circus, London EC2M 7JJ

NORTH AMERICAN NEWS

HCI sells stake in Abitibi

TORONTO—HCI Holdings has sold its 10 per cent share in the Abitibi Paper Company for C$20.9m to an unidentified buyer. The 1,042,800 shares were sold for C$20 each, $1 above Wednesday's closing price on the Toronto Stock Exchange. HCI said it earned about C$3m or C$3.20 per share on the sale.

In the meantime, Abitibi declined to disclose the identity of the buyer, and said only that "its identity will be made public shortly."

Abitibi said it was advised that the purchase has been made for investment purposes only and that the buyer "has no intention of seeking a control position in Abitibi."

In Montreal, Consolidated-Bathurst said it was not the purchaser of the shares. Last November Consolidated acquired 1,750,000 shares of Abitibi or 9.4 per cent of the shares outstanding at C$18 a share. Consolidated said the purchase was for investment purposes only

Agencies.

Mobil joins fight for IP's valuable oil interests

BY STEWART FLEMING IN NEW YORK

MOBIL OIL, the second biggest U.S. oil company, is understood to be on the verge of joining the multi-million dollar scramble to purchase the valuable oil and gas interests which International Paper, the biggest U.S. paper group, has put on the market.

On March 1, Gulf Oil and International Paper announced a tentative agreement that Gulf would buy the properties for $650m, but that proposal was overtaken on Tuesday when, to Gulf's chagrin, Tenneco and Southland Royalty disclosed that they were willing to pay $705m for the properties.

There are now reliable reports that Mobil Oil is anxious to enter the lists with an offer and that International Paper's investment advisers, Morgan Stanley, are preparing an auction at which interested parties will submit blind bids for the IP oil and gas subsidiary General Crude Oil.

The rapidly-evolving battle for the properties is seen by oil analysts as a reflection of an upsurge in interest in obtaining U.S. domestic-based oil and gas reserves and exploration properties.

In part, this stems from the oil companies' anxieties to minimise their dependence on crude supplies from prospectively unreliable sources abroad to the extent that this is possible. Both Gulf Oil and Mobil, for example, are not generally regarded as being as well placed as some of their rivals in terms of domestic crude supplies.

The aggressive bidding, however, also reflects a growing conviction that the Carter Administration could move again to adjust regulations in order to allow U.S. oil prices to rise.

While it is widely accepted that decontrol of oil prices is a politically unrealistic target immediately, there are growing expectations that existing controls will be modified to allow price rises and damp down demand. It is expected that President Carter may shortly announce new initiatives on the energy front aimed at encouraging the U.S. to adjust to the restrictions on oil supplies which the U.S. faces.

Because of the efforts the oil companies are making to spread the oil shortage equitably between nations, the U.S. is expected to find a *proportionately* sharper cut in imports than countries such as Japan and Germany, whose dependence on imports is greater.

Another factor concerning the International Paper properties is the rapid revival of interest in on-shore exploration in the U.S., partly in response to the disappointment of the Baltimore Canyon in the Atlantic as a potential off-shore exploration area.

Skaggs and American Stores plan merger

By John Wyles in New York

AN IMPORTANT development in U.S. retailing has been heralded by a $310m preliminary merger agreement between American Stores and Skaggs companies.

Apart from being one of the largest retailing mergers ever, the agreement is expected to accelerate the development of stores which sell a broad combination of items from a full line of groceries to pharmaceutical items and household goods.

Skaggs is the third largest retail drug chain, with 241 stores in 21 states, but the bulk of its outlets are concentrated in the West. A fast-growing company, whose sales have jumped from $161m in 1968 to $1.09bn last year from which its net income was $25m, Skaggs helped pioneer the combination drug-grocery stores concept and currently owns 39 of these units.

These have proved outstandingly successful and the deal, in effect, enables Skaggs to acquire the U.S.' sixth largest grocery chain for pretty much its book value.

According to Mr. William Deeley, president and chief executive officer of American Stores, the merged company "should benefit fro mthe more creased geographic diversifi- rapid expansion of drug-food combination stores and in- cation". There is little geographic overlap between the two companies since American Stores outlets are largely in the East.

The agreement provides for a two-step acquisition involving a tender offer by Skaggs for 45 per cent of American stores' outstanding stock for $58 per share. The remainder would be exchanged for 0.6925 shares of Skaggs common and 0.7 share of a new issue of Skaggs preferred.

By midday yesterday, American Stores was the fourth most heavily traded stock on the New York Stock Exchange, up ⅝ to 52⅞. Skaggs was unchanged at 24½.

Gold hoarding suit filed against Firestone Tire

BY OUR NEW YORK STAFF

FIRESTONE Tire and Rubber Company yesterday became the target of an unusual Federal suit charging it with the illegal purchase of $31.1m of gold bullion and gold coin.

The civil suit has been filed by Mr. James R. Williams, U.S. Attorney for the Northern District of Ohio, and seeks the recovery of $62.1m. It alleges violation of the U.S. Gold Reserve Act of 1934, the main provisions of which were lifted at the end of 1974. The Act prohibited private citizens and corporations from acquiring and holding gold without a special licence unless it was for industrial use or bought from a licensed dealer in the form of numismatic coins.

The offences with which Firestone is charged allegedly took place in 1973 and 1974 and the penalty being sought is double the value of the gold involved in the transactions.

Firestone already has a myriad of problems on the legal front because of the several hundred suits seeking multi-million dollar damages arising from failures of the controversial 500 radial tyre. Another source of embarrassment were charges laid against Mr. Robert P. Beasley, vice chairman of the board until 1975 and executive vice president finance. These were settled a year ago when Mr. Beasley pleaded guilty to using corporate money earmarked for illegal political contributions for his own expenses. Subsequently sentenced to four years imprisonment, Mr. Beasley reached a plea agreement that he would "truthfully respond to all questions" put by federal authorities.

In Cleveland yesterday, Mr. Williams told the Financial Times that his office had been working on the Firestone case for "about a year" but declined to reveal what had sparked the investigation.

The burden of the federal charges is that Bank Firestone Ltd. of Zurich, which the U.S. company set up in 1972 to provide a range of investment banking and Euromarket services, created a Panamanian subsidiary, Alps Investment. The suit claims that Alps "engaged in numerous purchases and sales of gold bullion and gold coin for investment purposes without a license."

All of Alps stock was allegedly held in the name of Morbira Anstalt, a Swiss corporation owned by Hans Hussy, a member of the Bank Firestone board and Swiss legal counsel to Firestone. The complaint alleges that Morbira Anstalt and Hussy merely acted as trustees on behalf of Firestone and that at all times Alps was equitably owned by Firestone and its subsidiary "as provided for by secret trust agreements."

Firestone said yesterday that it had no evidence of illegal trading by Bank Firestone which was liquidated in 1975 without any full explanation by the company.

A Firestone spokesman was unable to offer any yesterday but he confirmed that Mr. Hussy remained its legal counsellor in Switzerland.

Alaskan boost for Sohio

CHICAGO — Standard Oil of Ohio expects first quarter results to exceed those of the year earlier period when the company earned $36.3m or 75 cents a share on sales of $1.03bn.

Mr. P. D. Phillips, senior vice president, finance, said the higher profit is expected despite the fact the company plans to write-off roughly $50m before taxes against first quarter earnings. The proposed write-off stems from an abandoned plan by Sohio for a pipeline to move surplus Alaskan crude oil from Long Beach, California, to refineries in the central and eastern U.S.

In predicting higher profit, Mr. Phillips mentioned several factors including a coal strike and bad weather which hurt results in the previous first quarter and the fact that more crude oil is flowing from Prudhoe Bay, Alaska, in this year's quarter than in last year's.

Sohio expects prudhoe Bay production to average 563,000 barrels a day this year against 507,000 in 1978 and to rise to 1.3m in early 1980 with new pumping facilities. The company expects to spend $2.5bn on further development in Prudhoe Bay in the next five years.

The company's total capital expenditures this year are scheduled at about $800m against $762m in 1978, he said. Sohio expects to reduce its debt by about $500m in 1979 and cut interest expense to about $410m from $458m last year.

British Petroleum's ownership of Sohio common will rise to 53 per cent when Prudhoe Bay production reaches the 1.3m barrels a day level. BP ownership was 53 per cent at the end of 1978.

Agencies

Insurance merger off

SANTA MONICA — Pennsylvania Life is to withdraw from the proposed merger with Ticor. In February, Ticor management reached agreement in principle for Southern Pacific to acquire all its stock, and said it was unlikely the proposed merger with Pennsylvania Life would be concluded at that time.

Pennsylvania Life is to review the outcome of the proposed Southern Pacific-Ticor transaction when final terms are concluded.

The Pennsylvania company also established a regular quarterly cash dividend programme. The first is 3 cents, payable April 25.

Reuter

INTERNATIONAL ACCOUNTANCY

The reaction to American pressure

BY TERRY OGG

THE UK, European and Canadian accounting professions are, for the first time, discussing joint action to eliminate a Congress-inspired threat to their traditional independence and autonomy.

The threat comes from the proposed extension of the U.S. acounting profession's peer review system to include work done by non-U.S. firms on subsidiaries of major U.S. corporations.

Peer reviews involve an examination of the quality control methods that U.S. accounting firms have adopted, plus an assessment of how these are actually followed and implemented by members of the firm carrying out audits of companies listed on U.S. stock exchanges.

Answer to criticism

It is the U.S. profession's answer to criticism from the public, Congress and the powerful Securities and Exchange Commission, which followed the spate of corporate crashes (notably Penn Central and Equity Funding) in the mid-1970s, and the improper payments scandals.

The peer review is supervised by a committee set up by the American Institute of Certified Public Accountants (AICPA) and there is provision for a five-member Public Oversight Board to monitor the work carried out.

When the system was first proposed as a voluntary system in 1976, there was provision for its extension to work done by non-U.S. firms on subsidiaries of U.S. transnational companies.

But, as it was considered rather difficult to accomplish such a task, the implementation was delayed by the expediency of setting up a committee to discuss how it might be achieved.

However, with a Senate subcommittee stating its intent to "pursue its inquiry into the international organisation and operations of accounting firms to ensure that the same high standards applied to independent auditing in the U.S. are also applied to audits of corporate activities in foreign states," the search for a method by which peer reviews could be extended was stepped up.

The method adopted in the U.S. is essentially a systems approach. It involves, first of all, determining what quality control methods each firm has adopted (and SAS 4 sets out a guide as to what should be done). The review then attempts to ascertain to what extent the methods are implemented during audits by members of the particular firm.

The AICPA recognised that such an approach would not be possible with overseas firms, so it decided to switch horses as regards the overseas sector and adopt an engagement approach.

In other words, the U.S. firm carrying out a peer review would examine all the relevant working papers and documents relating to audit work done by a UK accounting firm for a particular client—even when this was a subsidiary of a U.S. public company.

Implication

The UK profession first realised the implication of the proposal in October when leading UK accountants were in San Francisco for the annual meeting of the AICPA.

This encounter led to a further meeting between the UK and the US professions on December 15 after which time it was decided to bring in the Europeans and the Canadians.

Earlier this month, the AICPA organised a day long briefing session in Amsterdam.

The two groups will meet again on June 16 and discuss solutions put forward by the overseas bodies. Some discussions between the non-U.S. bodies has taken place since the recent meeting but it is still too early to determine just what alternative they will propose.

However, indications are that they will lean in favour of establishing an international standard on the auditing of subsidiary companies by non-parent company auditors that will be tougher than most existing national standards. It is likely that such a standard would also involve sending more documents on the subsidiary audit to the parent company auditor.

Proponents argue that this would enable someone carrying out a peer review of the U.S. accounting firm to ascertain the effectiveness of its quality control over the subsidiary audit without actually peer-reviewing the subsidiary's auditor.

They also suggest that the AICPA would be able to satisfy its critics by presenting them with a standard against which work could be checked plus documents which the supervising committee and the Public Oversight Board could examine.

There is no real time pressure on finding a solution, but the non-U.S. accounting firms are anxious to have the matter cleared up before they will fall within the peer review orbit sometime in 1981.

EUROBONDS

Sterling sector weakens

By Francis Ghilès

BOND MARKETS were very quiet yesterday. Prices in the sterling sector were off by an average of ¾ of a point, essentially a result of the weakening of the gilt-edged market. Trading volume was also lower than earlier in the week.

In the dollar sector, prices were unchanged in very thin trading.

At a meeting held yesterday at the French Treasury between representatives of leading French banks and senior Treasury officials the purpose of which was to compare notes on the performance of the French Franc sector which was reopened last September, the view was that no changes were needed.

One new issue every month will continue to be the rule with close Treasury supervision as to the choice of borrower. The next borrower, is widely expected to be the Belgian chemical giant Solvay, through Banque de l'Union Europeenne.

Prices in the Deutsche-Mark sector have risen by about ½ of a point since the beginning of the week. The effective closure of the new issue market has helped the price of recent issues. Both the private placement for Lufthansa and the latest issue for Norway are currently trading above par.

Demand for the Fl 175m five-year bullet for Nederlandsche Middenstandsbank which carries a coupon of 8½ per cent and a final price of 100 is said to be good. The bank is managing its own issue. The climate in the guilder sector has improved recently as indications that interest rates were stabilising at higher levels were confirmed.

Another guilder issue, Fl 75m for Indonesia, is also being arranged. The borrower is paying a coupon of 8¼ per cent for 10 years and pricing is expected around par. Lead manager for this issue, which has an average life of 5½ years is Algemene Bank Nederland.

MEDIUM-TERM CREDITS

Finer terms for Algeria

By Our Euromarkets Staff

THE BANQUE Nationale d'Algérie is raising $50m for five years with four years grace on a spread of 1 per cent throughout. Lead manager is the National Bank of Abu Dhabi and the loan will be syndicated in the open market.

These terms are the finest obtained by an Algerian borrower in the current cycle, but the maturity of the loan, which is shorter than for most Algerian borrowers, could well prove attractive to many banks.

Other loans of a similar size are understood to be in the pipelinepipeline for Algerian borrowers. The last such loan was arranged for SN Metal, the state steel company, by the National Bank of Kuwait,

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on March 15

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9¼ 88	25	94	94½	0	−0¼	10.23
Bayer Int. F. XW 7⅞ 89	200	83½	84	0	−0¼	9.90
CECA 9¼ 84-99	50	95⅞	96⅜	0	0	9.80
Canada 9 83	400	97⅞	98⅜	0	−0¼	9.74
Canada 9¼ 98	350	95⅞	96⅜	−0¼	−0⅞	9.93
Canadair 8½ 83	70	95	95½	0	+0¼	9.90
Dominion Bridge 9 86	25	93½	94	−0⅛	−0⅛	10.25
Dow Chem. O/S 9¼ 94	200	97	97½	0	+0⅜	9.98
EIB 9¼ 98	125	†94	94¾	−0⅛	+0¼	10.07
Export Dv. Con. 9.85 84	150	100¼	101	+0⅛	+0⅛	9.88
Export Dv. Cpn. 9¼ 84	100	97⅜	97⅞	0	+0⅛	9.87
Eksportfinans 9 86	50	95⅞	96⅜	0	+0⅛	9.76
Finland 8¾ 83	100	†96	96⅝	+0⅛	−0⅛	10.05
Finland 9 88	100	†95	95⅝	+0⅛	0	10.00
Finland 9½ 86	100	97⅞	97⅞	0	+0⅛	10.01
GTE Fin. 9½ 84	50	97⅞	98⅜	0	+0⅛	9.99
Gould Int. Fin. 9¾ 85	50	99⅜	99⅞	0	+0⅛	9.83
Hospital O/S 9 83	25	96⅞	97⅜	0	+0⅛	9.79
Hudson Bay Co. 10 94	50	100⅛	100⅝	−0⅛	+0⅛	9.95
Itel Finance 9¾ 90	30	94⅛	94⅞	0	+0⅛	10.56
J. C. Penney 8¾ 83	100	95⅞	96⅜	+0⅛	+0⅛	9.84
Manitoba 9½ 89	75	96⅞	97⅜	−0⅛	+0⅛	9.99
Nat. West 9 86	75	96⅛	96⅝	−0⅛	−0⅛	9.68
New Brunswick 9¾ 94	75	97⅞	98⅜	0	+0⅛	10.03
Newfoundland 9¾ 90	50	95⅞	96⅜	+0⅛	+0⅛	9.84
Newfoundland 10 94	50	98⅜	98⅞	−0⅛	−0⅛	10.18
Nord. Inv. Bk. 8¾ 88	25	94⅛	94⅝	−0⅛	−0⅛	9.67
Norsk Hydro 9¼ 94	50	94⅞	95⅜	0	+0⅛	9.88
Norway 7¾ 83	250	93	93½	0	−0⅛	9.83
Norway 8¾ 83	150	†96½	97⅛	+0⅛	+0⅛	9.84
Norway 9¾ 84	150	†100⅛	100⅝	0	+0⅛	9.84
Ont. Hydro 8½ 85	125	94	94½	0	+0⅛	9.76
Portland 10 84	50	97	97½	+0⅛	+0⅛	10.74
Quebec Hydro 8¾ 83	50	96½	97	0	+0⅛	9.92
Redland Fin. XW 9½ 91	25	91½	92	+0⅛	+0½	10.76
Sears Roebuck 9 82	150	97⅞	98⅜	0	0	9.76
UK 8¾ 85	200	†95	95⅝	−0⅛	−0⅛	9.74
UK 8⅞ 93	150	94½	95	−0⅛	+0⅛	9.79

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	96½	97⅛	+0⅛	0	6.01
Argentina 6½ 88	150	94	94½	0	−1	7.33
Australia 6 88	250	99⅛	99⅞	0	0	6.05
Austria 5¾ 90	150	†92⅞	93½	+0⅛	+0⅛	6.64
Banco Desarrollo 7¼ 86	100	98⅛	98⅞	+0⅛	0	7.56
Bankamerica 5¾ 90	150	97½	98	−0⅛	−0⅛	6.02
Bq. Ext. Algerie 7¼ 85	100	96⅞	97⅜	+0⅛	+0⅛	7.83
Brazil 7¼ 87	150	100⅛	100⅞	+0⅛	−0⅛	7.18
CECA 6 88	150	96⅞	97⅜	+0⅛	+0⅛	6.40
Ch. Manhtn. O/S 6 93	100	99½	99⅞	0	−0⅛	6.06
Commerzbank XW 3½	100	81⅛	81⅞	−0⅛	−0⅛	6.17
Copenhagen City 6 90	75	91⅞	92⅜	−0⅛	+0⅛	7.01
Council of Europe 6¼	130	97	97½	+0⅛	+0⅛	6.64
Denmark 5¾ 85	100	96⅞	97⅜	+0⅛	+0⅛	6.40
Denmark 6½ 89	100	96⅛	97⅛	+0⅛	+0⅛	6.93
EIB 6 90	300	93⅝	94⅛	0	0	6.78
EIB 6½ 91	200	96⅞	97⅜	+0⅛	−0⅛	6.86
Eletrobras-Brazil 7 87	100	97	97½	0	0	7.47
Eurofima 6½ 89	100	100⅛	100⅝	0	+0⅛	6.44
Finland 6 83	150	99⅛	99⅞	−0⅛	−0⅛	6.12
Hitachi Ship. 5¾ 83	50	98⅛	98⅞	−0⅛	−0⅛	6.15
Indonesia 7 84	100	98⅛	98⅞	+0⅛	+0⅛	7.33
Kobe, City of 5¾ 86	100	98⅛	99⅛	0	−0⅛	5.96
Megal Fin. 7 89	150	†98	98⅝	0	−0⅛	7.25
Mitsubishi Petro. 5¾ 85	100	98⅛	98⅞	+0⅛	+0⅛	6.01
New Zealand 6½ 87	200	99⅛	99⅞	0	+0⅛	6.29
Nippon Steel 5¾ 85	100	97⅞	98⅜	0	−0⅛	6.08
Nippon Tel. & T. 5⅞ 87	100	95⅞	96⅜	+0⅛	+0⅛	6.13
Nordic Inv. Bk. 6½ 86	60	98⅛	98⅞	+0⅛	+0⅛	6.55
Norges Komm. 6 90	100	95⅛	95⅞	0	−0⅛	6.57
Norges Komm. 6¼ 89	150	97⅞	98⅜	0	−0⅛	6.55
Occidental 6¾ 90	150	96⅞	97⅜	0	+0⅛	7.15
OKB 6¼ 88	100	99⅞	100⅛	−0⅛	−0⅛	6.49
OKB 6 87	40	97½	98	0	−0⅛	6.37
Petroleo Brazil 7 88	100	97⅞	98⅜	0	+0⅛	7.31
Ricoh 5¾ 83	30	97⅞	97⅞	0	−1⅛	5.93
Statoil 6 88	150	96⅞	96⅞	−0⅛	+0⅛	6.52
Statoil 6½ 89	150	97⅞	97⅞	0	0	6.82
UDS Group 5¾ 83	65	96⅛	97	0	+0⅛	6.60
Union Bank Finn 6½ 88	50	95	95½	0	+0⅛	7.19
Venezuela 6½ 90	150	92½	93	−0⅛	−0⅛	7.45
World Bank 6¼ 88	400	97⅛	97⅞	0	−0⅛	6.60

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5¾ 88	40	102⅛	103⅛	−0⅛	−1⅛	4.87
Amer. Exp. Int. 3½ 93	40	97½	98	−0⅛	−1⅛	3.70
Asian Dev. Bank 3½ 94	100	†90⅛	91⅛	−0⅛	+0⅛	4.33
Austria 3½ 93	100	95⅛	95⅞	+1⅛	−1⅛	3.82
Brazil 4¼	100	98⅝	98⅞	+0⅛	−0⅛	4.28
Chase Manhattan 4 93	70	100½	101	+0⅛	−0⅛	3.93
Council of Europe 4¼	100	100⅛	100⅝	−0⅛	−2	4.22
Bankamerica 3¾ 93	80	98	98½	0	−2⅛	3.91
BNDE 5 88	75	101⅛	102⅛	+0⅛	−0⅛	4.76
Denmark 4½ 90	100	102	102½	−0⅛	−0⅛	4.25
EIB 4¼ 93	100	100⅛	100⅞	0	−1⅛	4.18
Euratom 4¼ 93	80	99⅛	99⅝	0	−1⅛	4.31
F. L. Smidth 4½ 89	25	102	102½	−0⅛	−1⅛	4.23
Finland 4½ 93	80	101	101½	0	−0⅛	4.39
GZB 4½ 93	100	101⅞	102⅜	−0⅛	−1⅛	4.30
Heron 4¾ 89	35	†99	99½	−0⅛	−1½	4.34
ICI Fin. NV 3½ 94	230	†94½	94⅞	+0⅛	+0⅛	3.98
Malaysia 4¾ 90	80	97⅞	98⅜	−0⅛	−0⅛	4.96
New Zealand 3½ 94	120	94½	94⅞	+0⅛	−1⅛	3.98
Norges Komm. 4¼ 90	100	101⅛	101⅞	−0⅛	−1⅛	4.05
Oy Nokia 5 90	20	103⅛	103⅞	−0⅛	+0⅛	4.59
Sandvik 4 90	85	97⅛	97⅞	0	−2⅛	4.26
Seas 4½ 88	15	101⅛	101⅞	−0⅛	−0⅛	4.30
Voest-Alpine 4½ 93	100	101⅞	102⅜	0	−1	4.30
Vienna 4 93	100	99⅛	100	−0⅛	0	4.01
World Bank 4¼ 93	250	100	100½	−0⅛	−0⅛	4.22

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5¾ 88	15	87½	88½	+0⅛	+0⅛	7.58
Australia 5.6 83	30	95⅛	97⅛	−0⅛	−0⅛	6.48
Australia 6½ 88	20	93⅛	94⅛	0	+0⅛	7.57
BFCE 6.4 90	30	91	92	−0½	0	7.67
Finland 5.6 83	10	95¼	96¼	0	+0⅛	6.76
Finland 6.8 88	10	93½	94½	0	0	7.83

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold. 11½ A$	12	94¼	95¼	−0⅛	0	13.05
Auto-Cote B. 7 93 EUA	16	91⅛	93	−0⅛	0	7.90
Komm. Inst. 7½ 93 EUA	15	97⅛	98⅛	−0⅛	0	7.73
Panama 8¾ 93 EUA	20	94⅛	96	−0⅛	+0⅛	8.82
SDR France 7 93 EUA	22	94⅛	95⅛	−0⅛	+2	7.59
Algemene Bk. 6½ 83 Fl	75	94⅛	95½	+0⅛	+0⅛	7.65
CFE Mexico 7½ 83 Fl	75	98⅛	98⅞	0	0	8.15
EIB 7¼ 85 Fl	75	94½	95⅛	−0⅛	−0⅛	8.28
New Zealand 6¾ 84 Fl	75	94½	95¼	+0⅛	−0⅛	7.98
Norway 8¼ 84 Fl	100	100⅛	101⅛	+0⅛	+0⅛	8.03
Elf Aquitaine 9¾ 88 FFr	150	98⅛	99⅛	0	−0⅛	9.90
EIB 9¾ 88 FFr	200	99	99½	0	0	9.88
Norway 9¼ 84 FFr	200	99⅛	100	0	0	9.34
PSA Peugeot 9¾ 82 FFr	175	99⅛	99⅞	+0⅛	+0⅛	9.81
Unilever 10 85 FFr	100	101⅛	101⅞	0	−0⅛	9.88
CECA 9¾ 89 £	20	87⅛	88	−0⅛	−0⅛	11.80
Citicorp 10 93 £	20	86⅛	87⅛	0	−0⅛	11.82
EIB 9¾ 88 £	25	89⅞	90⅛	+0⅛	+0⅛	11.55
Finance for Ind. 13 91 £	15	101⅛	101⅞	−0⅛	−0⅛	12.75
Fisons 10½ 87 £	10	90½	91½	−0⅛	−0⅛	11.94
BAT 8 88 LuxFr	250	97½	98⅛	+0⅛	+0⅛	8.36
Bayer Lux. 8 88 LuxFr	250	97⅛	98⅛	+0⅛	+0⅛	8.33
EIB 7¾ 88 LuxFr	250	96⅞	97⅛	+0⅛	+0⅛	8.15
Finland I. F. 8 88 LuxFr	250	97⅛	98⅛	+0⅛	−0⅛	8.37
Norway 7¾ 83 LuxFr	250	97⅛	98⅛	0	0	8.33
Norges Km. 8 86 LuxFr	500	99	100	0	+0⅛	8.08
Renault 7¾ 88 LuxFr	500	96⅞	97⅞	+0⅛	+0⅛	8.15
Solvay Fin 8 85 LuxFr	500	100	101	0	−0⅛	7.89
Swedish Bk. 8 88 LuxFr	500	99⅛	100⅛	+0⅛	+0⅛	8.03

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Intl. Bk. M6.5 83	0½	96⅛	96⅝	31/7	11.44	11.87
BFG Fin. Co. M5.5 89	0½	98⅛	98⅞	12/7	12.4	12.57
Bco. El Salvador M8 83	1¼	97½	98	12/4	11.31	11.67
Bco. Nac. Argnt. M8 83	0¾	99½	100	21/7	12¼	12.28
Banco Urquijo 6 86	0¼	97⅛	98⅛	21/3	—	—
Bank of Tokyo M5½ 93	0¼	97½	98	18/4	10½	10.74
Banque Worms M5½ 85	0¼	98⅛	98⅞	15/6	12	12.20
Bq. E. d'Alg. M8.375 84	0¾	96⅞	97⅛	9/8	11⅞	12.27
Bq. E. d'Alg. M7.5 85	0⅞	95⅛	96	2/5	12⅞	13.33
Bq. Indo et Suez M5½	0¼	99	99½	25/7	12	12.09
Bq. I. Af. Occ. M6.5 83	0¼	97⅛	98⅛	12/7	12.4	12.65
BNP 5½ 91	0¼	97⅞	98⅛	22/2	11⅞	11.62
CCCE M5.25 98	0¼	97½	98	3/8	11⅞	11.64
Ch. Man. O/S M5½ 93	0¼	97½	98	27/7	11.73	11.99
Credit National M5¼ 88	0¼	98⅛	98⅞	11/7	12.31	12.50
Gotabanken M6 88	0¼	98⅛	98⅞	15/5	12.31	12.50
Ind. Bk. Japan M5¼ 85	0¼	99⅞	100⅛	1/6	12.35	12.37
Ljubljanska M7.75 85	1	96⅞	97⅛	18/7	12.94	13.30
LTCB Japan M5¼ 85	0¼	99⅛	99⅞	9/5	12.06	12.12
Midland Intl. M5½ 93	0¼	98⅛	99⅛	20/7	12⅛	12.39
Nat. West. M5½ 90	0¼	99	99½	21/6	12½	12.59
Nipp. Crdt Bk. M5.5 85	0¼	99⅞	100⅛	22/6	12.81	12.81
OKB M5¾ 88	0¼	100	100½	18/4	10.56	10.64
Offshore Mining 86	0¼	98⅛	99⅛	19/7	12.19	12.31
Petro Mexicano 7¾ 84	0¼	98⅛	99⅛	24/7	12.06	12.18
Privredna Banka M8 86	0⅞	95⅞	96⅛	22/8	13.44	13.96
Standard Chrt. M5.5 90	0¼	97⅛	97⅞	10/8	11.56	11.87
Sundsvallsbnkn. M6 85	0¼	97⅛	97⅞	4/4	10.06	10.32

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5¾ 93	9/78	628	88⅝	89⅝	−0½	7.02
Baker Int. Fin. 5½ 93	1/79	34	110	110⅝	+0⅛	6.07
Boots 6¾ 93	2/79	2.16	103½	104⅛	−0⅛	−5.37
Ciba-Geigy O/S F. 4 94	9/79	676	93⅛	94	+0⅛	−13.48
Coca-Cola Bottling 6¾	4/79	9	85	86	0	23.12
Honda Motor 5½ 89	5/79	532	90⅛	91⅛	+0⅛	2.53
Ito-Yokado 5¾ 93	6/78	1339	114⅛	115⅛	+0⅛	−0.11
Novo Industri 7 89	4/79	259	90⅛	91½	+0⅛	8.49
Texas Int. Air. 7½ 93	4/79	14.5	91½	92½	−0⅛	11.02
Thorn Int. Fin. 7 88	11/78	3.67	109½	109⅞	−1⅛	−2.57
Tyco Int. Fin. 8½ 88	9/78	21	101½	103½	+0⅛	13.29
Asahi Optical 3¾ DM	12/78	538	95½	96⅛	−0⅛	1.86
Casio Co. 3¾ 85 DM	11/78	847	92⅛	93½	−0⅛	6.98
Izumiya 3½ 86 DM	10/78	989	89⅛	89⅞	0	12.76
Jusco 3½ 86 DM	1/79	1154	88½	89⅛	−0⅛	23.93
Kansai Elec. 4 84 DM	4/79	1350	92	92½	0	10.76
Konishiroku 3½ 85 DM	1/79	612	89⅞	90⅛	−0⅛	10.59
Marudai Food 3½ DM	2/79	1033	88⅛	89⅛	+0⅛	26.99
Murata M. 3½ 86 DM	11/78	854	96½	97⅛	−1½	−0.47
Nipp. Air. 3.5 88 DM	12/78	508	86⅛	86⅞	+0⅛	0.90
Nippon Shinpan 3¾ DM	8/78	738	96⅛	97⅛	0	−0.05
Nippon Ysn. 3½ 85 DM	1/79	251	92⅛	93⅛	0	6.13
Nissan Diesl. 3½ 86 DM	2/79	477	89⅛	89⅞	−0½	8.95
Olymp. Opt. 3¼ 85 DM	2/79	703	98⅛	99⅛	−1	−2.33
Ricoh 3½ 86 DM	10/78	617	92⅛	93⅛	−0⅛	13.48
Sanyo Electric 3½ DM	11/78	295	89⅛	90⅛	+0⅛	0.51
Sharp Co. 3½ 88 DM	2/79	487	91⅞	92⅞	−0⅛	−1.55
Stanley Elec. 3½ DM	11/78	623	88⅞	89⅞	0	24.85
Tokyo Elec. 3½ 87 DM	4/79	476	90⅛	91½	+0⅛	−0.19
Tokyu Ld. Co. 4 86 DM	4/79	493	90⅛	91⅛	−0⅛	8.10
Trio-Knwd. 3½ 86 DM	11/78	711	86½	86½	+0⅛	29.68

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Thyssen sees brighter outlook for steel

BY ADRIAN DICKS IN BONN

THYSSEN IS no longer losing money on the bulk of its steel making activities, the West German producer, which is the largest steel maker in Europe, said yesterday.

There was still "no noteworthy momentum" in the steel market, but there had been some strengthening of the German economy, notably in demand for capital goods. Production had picked up from the very low levels brought about by the winter steel dispute, explained its chairman Herr Dieter Spethmann.

The company has already presented its shareholders for a cut in dividend to DM 4 per share from DM 5.50, having reported in January a decline in after tax profits from DM 144.7m to DM 103.9m for the year ended September 30, 1978. The results came at the end of a year in which the group was hard hit by the difficulties of the entire European steel market, although Thyssen said there had been an improvement from the first to second half of the business year.

Among individual products, there had also been wide differences. Losses on most steel products had been cut back to the point where some were by now profitable once again.

World sales of the Thyssen group rose from DM 21bn to DM 23.45bn ($13bn) last year, principally because of consolidation for the first time of the Budd Company of the U.S. which Thyssen acquired in 1977, and which contributed DM 2.57bn to sales. Sales of consolidated domestic companies was down from DM 19.7bn to DM 19.2bn, some 10 per cent down on the DM 21.3bn of 1974-75. Net profits as a proportion of turnover fell from 1.6 per cent in 1973-74 to 0.5 per cent last year.

The Board describes last year's performance as "unsatisfactory," and also points out that the special provision against price increases had been drawn down for over half of the distributed profit for 1977-78 of DM 103.9m.

Referring to the current year Herr Spethmann said production has picked up from the very low levels brought about by the winter steel dispute to about 1.2m tonnes this month, the chairman said. Special steels, whose sales last year were up 7 per cent to DM 2.2bn have shown a slightly weaker trend, while demand for Thyssen engineering products has been "fluctuating severely."

Herr Spethmann hinted strongly that Thyssen intends to carry out further closures of older plant as the other side of its policy to maintain a high rate of investment in new processes and production facilities. The total number of people employed fell back 3.6 per cent last year to just over 130,000, although another Thyssen director, Herr Klaus Kuhn, made clear that the decline affected all the group's major areas and not steelmaking alone.

Because of the weak domestic steel market, Thyssen last year saw exports rise from 33 to 35 per cent of the sales of the West German companies. Western Europe, which took 46 per cent of the group's exports, was the largest single market, while industrialised countries as a whole took no less than 72 per cent.

Price freedom boosts Lafarge

BY DAVID WHITE IN PARIS

THE FREEING of prices by the French Government last year led to a sharp increase in profits at the Lafarge cement group. An upturn in the second half of the year means that net worldwide earnings for the group are now expected to be about FFr 230m ($51m).

This compares with FFr 159m in 1977 and is more than 20 per cent better than the forecast made by Lafarge five months ago, when it was raising equity capital by a one-for-ten rights issue.

At parent company level, the results are well up to expectations, with net profit at FFr 81m compared with FFr 59m in 1977.

Stripped of extraordinary items, these figures can be reduced down to FFr 102.5m for 1978, against FFr 77m the year before, an increase of one-third.

The company is proposing to raise its dividend from FFr 12 net to FFr 13.40. Including tax benefit, the payout comes to FFr 20.10 per share, against 16.77.

Details of the group's worldwide performance have still to be published, but turnover is expected to pass the FFr 7bn mark, well up on 1977's figure of FFr 6.3bn. If confirmed, this growth rate will be double the previous year's 5 per cent.

With higher prices, the French cement business provided the bulk of Lafarge's extra profit. Improvements in its refractory products sector also contributed to the consolidated result.

Lafarge has about 40 per cent of the French cement market and has a major Canadian offshoot and other subsidiaries making sanitary ware, coke ovens, cardboard boxes, plaster, and other items.

* * *

NET PROFITS of Ferodo, the French vehicle components concern, fell slightly last year to FFr 53.6m ($12.5m) as the effects of the year of re-organisation in its non-vehicle sectors worked through, writes Terry Dodsworth from Paris.

The stagnant profits compare with a modest 4 per cent increase in sales to FFr 1.7bn ($397m).

The company says that the automotive side of its business was reasonably strong because of healthy market conditions. But the component spare parts sales fell in overseas markets, and business was not helped by the depression in the building and public works industries.

Ferodo is continuing to increase its investment in industrial buildings in France. Last year it put some FFr 117.7m into this sector, a rise of 12.4 per cent, compared with FFr 104.7m in 1977.

Last year also saw a big rise in the company's depreciation charge, by 31.6 per cent to FFr 99.6m. The increase was due, said the company, to a high level of investment and taking into the accounts about FFr 11.3m arising from a revaluation of assets. Cash flow went up to FFr 169.8m against FFr 156.6m in the previous year, the dividend will be held at FFr 20.70 per share.

Consolidated results for the Ferodo group, which brings together a collection of component interests, from vehicle electrics to brakes and radiators, have not yet been finalised. But Ferodo is forecasting an increase in turnover to FFr 4.5bn, with cash flow at about 8 per cent of this figure.

Pre-tax profit falls at Swedish Match

By Victor Kayfetz in Stockholm

THE SWEDISH MATCH Group reported a pre-tax profit after extraordinary items of SKr 4m ($900,000) for 1978, down from SKr 14m the year before. The board nevertheless proposes an unchanged dividend of SKr 5.

Operating profit was SKr 194m, or SKr 15m better than in 1977, but continuing re-structuring programmes burdened 1978 results by SKr 130m in extraordinary costs, outweighing an improvement in financial costs. The group's match division accounted for 18 per cent of sales but exactly half of operating profit.

The company said in its preliminary report that "implemented and planned re-structuring measures together with an expected upswing in world economic conditions are estimated to result in a further improvement in the operating result for 1979."

Further extraordinary re-structuring costs might arise but should be considerably lower than in 1978. The market for chipboard remained uncertain, however.

Group sales were SKr 5.35bn ($1.23bn), up 6.3 per cent from 1977. Foreign markets accounted for 70 per cent of turnover in 1978, against 69 per cent the previous year.

Swedish Match yesterday announced that it had reached an agreement with the UK company Wilkinson Match, to acquire its shares in the jointly-owned match companies in Argentina, Uruguay and Colombia. This step will give Swedish Match majority shareholdings in these companies, whose combined turnover is $16m. The option to purchase these shares was part of the 1977 deal under which Swedish Match sold its 29 per cent interest in Wilkinson Match to Allegheny Ludlum.

Mr. Gunnar Dahlsten the managing director also announced that a joint oil exploration venture on Profit Island in the Mississippi River in which Swedish Match is entitled to 20 per cent of the market price at petroleum revenues had made gas condensate discoveries which might contribute to group income in the future.

Major disinvestments carried out in 1977 made possible the early repayment of SKr 167m in foreign loans in Swiss Francs and West German Marks during 1978. This contributed toward reducing net financial costs from SKr 179m in 1977 to SKr 106m last year.

Swedish Match said its disinvestments and measures to make capital management more efficient had strongly improved cash flow.

After appropriations, the Swedish Match group reported a net loss of SKr 37m, against a 1977 loss of SKr 35m. The parent company showed a 1978 net profit of SKr 50.4m, up SKr 500,000 from the previous year.

The preliminary figures for 1978 indicate slight improvements in operating profits for the group's cardboard division and the tarkett division, which makes interior construction materials.

SONY CORPORATION

Exchange losses depress earnings

BY RICHARD C. HANSON IN TOKYO

SONY CORPORATION has announced a first quarter fall in consolidated net profit of 18.2 per cent to Y4.41bn ($21.3m), from Y5.39bn in the same period the previous year, as a result of exchange losses largely attributable to the translation of accounts of foreign subsidiaries.

Consolidated sales in the first quarter, to January 31, however, rose 10.5 per cent to a record Y150.34bn ($726m) from Y136.02bn, and operating profits were up 33.9 per cent to Y15.32bn, as a result of increases in sales of most of its products and the effects of further rationalisation of operations.

Sony officials remain cautious over projections on net profit for the current and latter quarters this year, citing the uncertainty of exchange market conditions. They say the large fluctuations in net profit over the past five quarters (downward in all but the third quarter last year) are due to problems of translating overseas earnings back into yen.

In the latest quarter, the company made a Y2.23bn exchange loss, compared with a Y1.574bn exchange gain the the first quarter of 1978.

Sony's overseas sales rose 4.5 per cent, but were down to 57.1 per cent of the total against 60.4 per cent a year ago. Officials said that the actual gains in local currencies in overseas sales were substantially larger.

Domestic sales, on the other hand, showed a strong gain, of 19.7 per cent to Y64.51bn, better than the industry average.

Television sales were up 6.1 per cent; video tape recorder sales gained only 12.7 per cent, less than in earlier quarters; tape recorder and radio sales were up 0.2 per cent; and audio equipment sales gained 11.6 per cent. Sales of magnetic tape were also up.

Sony is expanding its production of television sets in both the U.S. and the UK; the expansion of its San Diego, California, plant capacity to 500,000 units from 400,000 units per year has already been completed. Sony's factory at Bridgend in South Wales will expand to 150,000 units from 100,000 units. Over the next three years jobs there could rise by between 200 and 250 from a little over 600 employees.

Overall, colour TV production this year is expected to rise to 2m units from 1.9m last year.

Home video tape recorder sales have run into stiff competition from a system developed by the Matsushita group, and Sony's Betamax share of the U.S. market has fallen quite steeply.

The company has, however, recently introduced an improved home unit which is expected to help sales domestically.

While declining to project net profit for the year the company does expect that sales on a consolidated basis will rise to over Y600bn, from Y534.9bn last year. The per-share net profit in the first quarter was down to Y20 from Y25 a year ago.

Rights and bonus issue from OUB

By H. F. Lee in Singapore

FOLLOWING its disclosure today of a 24 per cent rise in group profit, the Overseas Union Bank (OUB)—one of the "big four" Singapore Banks—has announced a bonus-cum-rights issue.

The bonus issue will be on the basis of one share for every six held while the rights issue will be one share for every six held, at a price of S$2 per share based on the existing issued capital.

The price of Overseas Union Bank shares closed at S$3.70 per share, prior to the announcement.

The bonus-cum-rights issue will raise some S$25.6m (U.S.$11.69m) in fresh capital for OUB and increase its issued capital from S$77m to S$102.36m.

The purpose of the issue, OUB said, is to enlarge the bank's capital base to further support its expanding business.

Group post-tax profit after providing for diminution in value of assets and transfers to inner reserves for the year ended December 1978 rose 24 per cent from S$13.3m to S$16.5m.

Including non-recurring profit on sale of investments, the profit rise was 30 per cent from S$14.4m in 1977 to S$18.73m.

At the bank itself post tax profit rose by 26 per cent from S$11.97m to S$15.05m.

Payout and profits up at ANI

BY JAMES FORTH IN SYDNEY

AUSTRALIAN National Industries, the diversified engineering, equipment hire and motor vehicle group, has raised its dividend following a 25 per cent gain in profit for the seven months to January 31. The company earned A$8.0m (US$8.9m), compared with A$6.45m in the same period of 1977-78. Group turnover for the period rose 20 per cent to A$233m (US$262m).

The interim dividend has been increased from 4.5 cents a share to 5.1 cents. The directors said they expected to recommend a final payout of at least 6.6 cents, compared with the final last year of 6 cents. This would bring the total distribution for the year to 11.7 cents, against 10.5 cents in the previous year.

The directors said that the company traded "exceptionally well" in the latest period and commented that 1978-79 would represent the twelfth successive year of continuous profit growth for ANI, and that sales, profits, earnings per share and dividends per share, should all represent record performances.

The directors said that the ANI Sargeants engineering division had again contributed significantly to the overall performance. ANI had completed the rationalisation of its two steel merchandising divisions. The Steelmark division had experienced good trading conditions over the past few months and steel demand was improving.

The metal forming division had also met with a pronounced improvement in demand, particularly from automotive and agricultural equipment makers. The results of the latest acquisition, Capitol Motors were ahead of the previous period.

The board was confident that ANI could continue to perform well and there was every indication that the Australian economy should continue to improve, with the company in an excellent position to take advantage of this growth.

* * *

INDUSTRIAL trouble resulted in the profit of Castlemain Perkins, the leading Queensland brewer, falling almost 38 per cent, from A$6.5m to A$4.0m (US$4.5m) in the six months to January 31.

Group revenue for the period fell 30 per cent from $99m to A$69m (US$77.5m). The directors said that the drop in revenue and profit was directly attributable to a 12 week's strike between September and November. The brewery ceased production, and for the 12 weeks the brewery and wine and spirits division were closed.

The board added that the strike was preceded by industrial unrest which curtailed production and depleted stocks. Moreover, the absence of stocks of packaged beer when work resumed late in November affected the company's ability to meet demand for these products during December and early January, which is the company's peak period.

The directors believed the profit was satisfactory in the circumstances. They said it would not be possible for earnings to equal those of 1977-78 but that they expected the result for the full year to be satisfactory.

The interim dividend is held at 7 cents a share, which is still covered by earnings of 15.8 cents, and the Board pointed out that it had already been decided the dividend for the full year would be 15 cents.

Weil wins Bradlows Stores

BY JIM JONES IN JOHANNESBURG

WEIL AND ASCHEIM, the South African investment company, has gained control of Bradlows Stores, the 60 store chain retailing furniture, mainly to South Africa's white population.

Great Universal Stores holds 31 per cent of Bradlow's equity. But according to Mr. Mannie Simchowitz, the chairman of Weil and Ascheim, GUS has no intention of accepting his company's offer for minority shares.

Control of Bradlows has been obtained by Weil through a newly-formed pyramid company, Bradlow Investments, owned as to slightly more than 50 per cent by Weil, which has bought 53 per cent of Bradlows shares from the controlling Bradlow family. A similarly priced offer has been made at 270 cents per share to the Bradlows minorities, compared with a market price of 170 cents at end-February, when trading in Bradlows shares was suspended on the Johannesburg Stock Exchange.

Weil and Ascheim already controls the World Furnishers chain of 40 stores which concentrates its marketing effort on furniture sales to black South Africans. The present R2.4m deal therefore gives Weil a wider market coverage.

When it reports in May for its year to February 28, 1979, Bradlows is expected to disclose assets per share of about 500 cents, of which about 50 cents will be represented by its Rhodesian interests. The company has already indicated that it will pay a 17.5 cents dividend for the year. Bradlows has 1.7m ordinary shares in issue, so on the 270 cents bid price, the GUS interest is worth R1.42m.

* * *

ON THE BACK of improvements in almost all its subsidiaries, Anglo Transvaal Industries (ATI), the industrial arms of South African mining house Anglovaal, has reported a 63.4 per cent pre-tax profit increase in the first half to end 1978 to R22.1m ($26.2m), compared with R13.5m in 1977. Consolidated turnover expanded from R211.7m to R241.6m ($287.6m).

ATI declares one dividend a year. In 1978, shareholders received 20 cents from consolidated earnings per share of 37 cents. The first half has already provided the group with consolidated earnings of 56 cents, so an improved dividend is almost certain.

Sharjah Group well ahead in second year

By Our Financial Staff

THE SHARJAH GROUP — which claims to be the world's largest private investment company—raised its profits by 79 per cent to Dh 34m ($9m) in 1978, its second year of operations, from Dh 19m in 1977. A cash dividend of 10 per cent has been declared.

The group's assets increased over the year to Dh 640m ($168m) from Dh 522m at the end of 1977, largely as a result of an increase in loans and quoted investments. The group's policy has been to participate in the development of the Arab economy and investments and participations inside and outside the Gulf.

Loans increased to 22 per cent of total assets, from 15 per cent, and quoted investments to 34 per cent, from 20 per cent, with short-term investments and loans accounting for 74 per cent of the total at the end of the period.

British Bank of the Middle East

The British Bank of the Middle East's current, deposit and other accounts totalled £1.27bn at the end of 1978, against £1.63bn at end-1977. The figures were shown wrongly on Wednesday in our report of the bank's annual results.

Green Island Cement raises dividend

BY HUGH PEYMAN IN HONG KONG

GREEN ISLAND CEMENT, which has been the subject of takeover rumours recently, declared a 12 per cent 1978 net profit rise to HK$44.6m (U.S.$9.19m).

The company also proposed a 30 cent final dividend against 1977's 20 cents, but paid the same 30 cent cash bonus. The dividend payout for 1978 totalled 50 cents compared with 40 cents in 1977. A one-for-five bonus issue was also proposed and extraordinary profits totalled HK$4.9m (U.S.$1m).

Green Island has attracted attention in local stock markets because of the widely publicised stake which one of Hong Kong's leading property companies, Cheung Kong, has in the company. Cheung Kong is reckoned to have about 25 per cent of Green Island, whose 500,000 square feet of existing and reclaimed land at Hunghom has spurred speculation that this may be of interest to a property developer like Cheung Kong.

* * *

HONG KONG Aircraft Engineering Company (HAECO), a member of the Swire Pacific group, raised its 1978 net profit nearly 17 per cent to HK$35.43m (U.S.7.3m) and proposed a final dividend 30 cents higher, at HK$2.50, making an annual total of HK$3.70, some 50 cents above the 1977 level.

The company said that prospects for 1979 were good. Last year HAECO won a contract worth several million pounds for the maintenance of Gulf Air's TriStar fleet. The company also won business from the Civil Aviation Administration of China to overhaul and repair China's aircraft, aero-engines and component parts in Hong Kong.

Soft cushion for Swissair earnings

By Brij Khindaria in Geneva

DESPITE THE adverse effect of the rise in the Swiss franc, Swissair made a net profit of SwFr 49.4m ($29.4m) in 1978, only slightly below the SwFr 51.9m reported for the previous year.

A statement by the Swiss airline said that the gross profit was SwFr 244m compared with SwFr 308m in the previous year, but the sum needed for ordinary and supplementary depreciation fell to SwFr 195m from SwFr 256m.

Officials said that a coincidental fall in the allocation for depreciation disguised the full negative impact of the rise in the Swiss franc's value.

Wind-up of Norinvest may cost Andresens more

BY FAY GJESTER IN OSLO

ANDRESENS BANK, Norway, which recently announced NKr 66m ($13.2m) in loss write-offs and no dividends for 1978, gave more details in its report yesterday about how the losses were distributed among the bank's various investments.

Nearly half of them—NKr 27m — concerned shipping engagements. A further NKr 20.9m represented losses connected with the rescue last autumn of Norinvest, a finance company backed by a large number of leading Norwegian banks and insurance groups. Losses on lending to heavy engineering and shipbuilding firms accounted for a further NKr 9.6m of the total.

The Board describes Andresens efforts to bring about the controlled wind-up of Norinvest as "the most difficult issue we have to deal with in 1978" and says it is convinced that the steps taken were correct. It adds, however, that it is still too early to say whether "the assumptions on which the wind-up plan was based" will turn out to be correct, or "whether they will have to be adjusted, and in this case how . . . the (plan) . . . will be affected."

Mr. Erik A. Refsnes, one of the bank's directors, said it now appeared that Norinvest's liquidation would take rather longer than the original estimate of two to three years. He admitted that the bank could not be sure, at this stage, that it would not have to take further losses in connection with the finance company. Some of Norinvest's contract obligations extended until 1985, he pointed out.

ISS proposes bonus issue

By Hilary Barnes in Copenhagen

INTERNATIONAL Service System (ISS), the industrial cleaning group, proposes a DKr 14m bonus issue although after tax group earnings fell from DKr 44.5m to DKr 35.8m last year.

After allowing for extraordinary income in 1977 from the sale of Swedish interests the group said that earnings went ahead by about 15 per cent. Earnings before extraordinary items taxes and minority interests increased from DKr 54.2m to DKr 65.6m. Sales rose from DKr 1.77bn to DKr 2.05bn or by 16 per cent. The Board described the 1978 results as satisfactory in view of unfavourable world economic conditions. It proposed an unchanged 10 per cent dividend.

Dutch builder improves

BY CHARLES BATCHELOR IN AMSTERDAM

PROFIT and turnover growth has again been achieved by Hollandsche Beton Groep but the company's order book at end-1978 was slimmer than a year before. HBG, since the formation of the Volker-Stevin group the second largest construction company in Holland, proposes increasing its dividend and making a scrip issue.

Net profit rose 16 per cent to Fl 56.3m ($28m) compared with the 38 per cent increase in 1977 on turnover which rose only 2 per cent to Fl 2.48bn ($1.24bn). In 1977, turnover increased by 19 per cent. Net profit per share last year rose 7 per cent to Fl 24.40.

Confirming the trend set by the Ballast-Nedam group, which recently published its 1978 result, HBG reported a decline in order books to Fl 2.7bn from Fl 3.4bn at the end of 1977. HBG expects that profits and turnover in 1979 to be on the same level as 1978. Last year's profit performance was in line with the forecast but turnover was slightly higher than expected. The completion of some large foreign orders was the main reason for the slimming of the order portfolio.

The company proposes paying a final dividend of Fl 6 taking the total dividend to Fl 7. This compares with a total dividend of Fl 6.40 in 1977. It also plans to repeat last year's scrip offer of one share for every 30 held.

Foreign growth at Holzmann

By Guy Hawtin in Frankfurt

PHILIPP HOLZMANN last year maintained a strong domestic performance but foreign business continued to provide the main impetus for growth. According to the Frankfurt-based construction concern, the 1978 overseas bookings rose by 159 per cent to DM2.8bn where they accounted for 60 per cent of the total inflow.

Holzmann has done particularly well overseas since the industry's domestic downturn—which has lasted for much of the current decade—forced it, together with most of its leading competitors, to look abroad for growth. Holzmann obtained a third of the DM9bn that West German construction companies booked in overseas business last year.

The group's order book at the end of 1978 stood 15.9 per cent up at DM 5.34bn compared with DM 4.61bn at the end of the previous year.

Growth slows at Dutch mortgage bank

BY OUR AMSTERDAM CORRESPONDENT

GROWTH at Westland-Utrecht, Holland's largest mortgage bank, slowed as expected in 1978 after the record performance of the year before. The result was, nevertheless, satisfactory against a background of continuing economic uncertainty, lower demand for housing and the levelling off of house prices.

Operating profits rose 9 per cent to Fl 124.8m ($62.4m) compared with a 56 per cent increase in 1977. Taking into account provisions which were set directly against operating profit in 1978 the increase was 5 per cent, the Board explained.

Net profit rose 33 per cent to Fl 61.9m and the bank's mortgage portfolio expanded by 31 per cent to Fl 10.5bn ($5.3bn).

Dividend is Fl 24 per share against Fl 20 in 1977 when the bank also paid a 10 per cent bonus in shares.

Net profit growth is expected to slow further in the current year, but sluggish growth in Holland will "be compensated for" in the 1980s by the expansion into other countries in Europe.

Foreign activities are largely concentrated on project development although the bank hopes to develop mortgage business too. In Holland project development is already making an increasing contribution to profits compared with the declining share of its traditional mortgage business.

The bank now has a clearer idea of its strategies abroad following the completion of a report by the U.S. consultants, McKinsey. It is involved in housing, office, shopping and leisure projects in West Germany, France, Belgium and Switzerland. It has no immediate plans to extend its activities to the U.S. nor is it yet active in Britain, although some preliminary contacts have been made.

The bank's share of the Dutch mortgage market slipped to 6.4 per cent in 1978 from 7.6 per cent the year before.

* * *

THE DUTCH department store group, De Bijenkorf, reports further strong growth of profits and sales. Net sales rose 22.5 per cent to Fl 24.5m ($12m) in the year ended January 31 and pre-tax profits rose 16 per cent to Fl 41m. Profit per share rose 16 per cent to Fl 13.06 and the dividend is going up from Fl 5.20 to Fl 5.60 a share.

De Bijenkorf is engaged in a substantial expansion of its Amsterdam department store, including extending the sales area, installing full air conditioning and building a multi-storey car park for 500 cars.

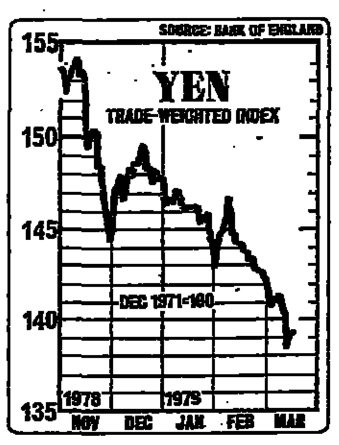
It is also negotiating the acquisition of four do-it-yourself stores belonging to the A. de Boo Bestuursmij of Delft. This would give it a chain of seven stores throughout Holland, including the three it already operates.

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar firm; pound easier

THE DOLLAR tended to firm while sterling had a softer tone in fairly inactive foreign exchange trading yesterday. The weakness of the British Government Securities market was reflected in the downward trend in sterling. It opened at $2.0365-2.0375 and was steady at $2.0375-2.0385 for most of the morning, before moving up to a high point of $2.0400-2.0405 before lunch. The pound quickly fell away again however, and touched a low level of $2.0345-2.0350 in the afternoon, before closing at $2.0355-2.0365, a fall of 10 points on the day. On Bank of England figures, sterling's trade-weighted index fell to 65.0 from 65.1, and stood at 65.0 all day.



According to Morgan Guaranty of New York, the dollar's trade-weighted depreciation was unchanged at 8.4 per cent, and the Bank of England's index for the U.S. currency was also unchanged at 84.7.

The dollar finished near the top of the day's range against the D-mark at DM 1.8630, compared with DM 1.8565 on Wednesday, and showed a similar movement in terms of the Swiss franc, closing at SwFr. 1.6825, compared with SwFr. 1.6775 previously.

There was no sign of central bank intervention, apart from further support for the Japanese yen by the Bank of Tokyo earlier in the day. The dollar was less firm against the yen, closing at Y207.12½, compared with Y207.30.

NEW YORK—The dollar was steady in quiet early trading. It declined against the Japanese yen following recent central bank support for the Japanese currency, and was also weaker against the Canadian dollar as a reflection of the upward trend in Canadian interest rates.

AMSTERDAM—The dollar was fixed at Fl 2.0068 against the guilder, compared with Fl 2.0085 previously.

ZURICH—There was no sign of early intervention by the Swiss National Bank. The dollar was steady at SwFr 1.6785 in the morning, compared with SwFr 1.6770 against the Swiss franc at the start. In the afternoon it moved up to SwFr 1.6812½.

FRANKFURT — The Bundesbank did not intervene when the dollar was fixed at DM 1.8584 against the D-mark, compared with DM 8614 previously. The decline of the U.S. currency may have reflected its easier trend against the Japanese yen in Far Eastern markets, as dollar-buying reached its peak and Japan turned a January trade deficit into a February surplus. Sterling eased to DM 3.7870 from DM3.7890 at the fixing, but the pound remained firmer than the Irish punt, now a member of the European Monetary System, which was fixed at DM 3.7850. The Dutch guilder declined to DM 92.65 per 100 guilder, from DM 92.68 on Wednesday, and the German currency generally seemed to be gaining ground within the EMS.

MILAN—The Bank of Italy sold most of the $29.9m traded officially at the fixing. The lira gained ground against the dollar and most other currencies. The U.S. currency fell to L843.20 from L845.20 on Wednesday, and the Deutsche Mark declined to L453.80 from L454.05. Sterling and the Irish punt were both fixed at L1,718.60, down from L1,724 previously. In late trading the dollar fell to L840.35.

TOKYO—Support for the yen by the Bank of Japan totalled only $80m yesterday, compared with around $600m on Wednesday. Trading was quite hectic, with the dollar easing to Y207.12½ at the close, from the previous finish of Y209.12½.

THE DOLLAR SPOT AND FORWARD

March 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK	2.0345-2.0405	2.0355-2.0365	0.37-0.27c pm	1.89	0.72-0.62 pm	1.32
Ireland	2.0345-2.0405	2.0355-2.0365	0.37-0.27c pm	1.89	0.72-0.62 pm	1.32
Canada†	85.11-85.21	85.18-85.21	0.4-0.2c dis	–0.42	0.6-0.3 dis	–0.21
Nethlnd.	2.0043-2.0070	2.0060-2.0070	0.73-0.63c pm	4.07	1.95-1.85 pm	3.79
Belgium	29.40½-29.43	29.41-29.43	10-8c pm	3.67	25-23 pm	3.25
Denmark	5.1715-5.1740	5.1715-5.1740	0.20 dis-0.30 pm	0.11	0.85-1.35dis	–0.85
W. Ger.	1.8560-1.8630	1.8620-1.8630	1.06-0.96pf pm	6.46	3.00-2.90 pm	6.34
Portugal	47.80-47.92	47.80-47.88	30-40c dis	–8.78	70-135 dis	–8.57
Spain	69.11-69.16	69.11-69.16	5-15c dis	–1.73	15-25 dis	–1.16
Italy	840.75-843.55	840.75-841.50	0.50-0.90lire dis	–1.00	1.70-2.20dis	–0.93
Norway	5.0890-5.0920	5.0890-5.0900	1.40-0.90ore pm	2.71	2.60-2.10 pm	1.85
France	4.2792-4.2850	4.2825-4.2850	0.90-0.80c pm	2.38	2.75-2.60 pm	2.50
Sweden	4.3575-4.3610	4.3575-4.3585	0.80-0.60ore pm	1.93	2.35-2.15 pm	2.06
Japan	206.80-207.50	207.00-207.25	0.85-0.75y pm	4.63	2.85-2.75 pm	5.41
Austria	13.61½-13.62¾	13.62¼-13.62¾	7-6.25gro pm	5.83	20-18 pm	5.58
Switz.	1.6740-1.6830	1.6820-1.6830	1.57-1.47c pm	10.85	4.47-4.37 pm	10.51

† U.S. cents per Canadian $.

THE POUND SPOT AND FORWARD

March 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0345-2.0405	2.0355-2.0365	0.37-0.27c pm	1.89	0.72-0.62 pm	1.31
Canada	2.3875-2.3965	2.3885-2.3895	0.35-0.25c pm	1.51	0.75-0.65 pm	1.17
Nethlnd.	4.07½-4.10	4.08¾-4.09¾	2½-1½c pm	5.88	5¾-4¾ pm	5.13
Belgium	59.80-60.05	59.95-60.05	30-20c pm	5.00	70-60 pm	4.33
Denmark	10.52½-10.55½	10.53½-10.54½	1¼ore pm-¼ dis	0.85	1 pm-1 dis	0.42
W. Ger.	3.77½-3.80½	3.79-3.80	3¼-2½pf pm	8.30	7¾-6¾ pm	7.78
Portugal	97.25-97.85	97.30-97.60	30-100c dis	–8.00	80-220 dis	–6.16
Spain	140.60-140.88	140.65-140.75	5c pm-45c dis	–1.71	10-130 dis	–1.99
Italy	1,710-1,720	1,712-1,713	1½lire pm-½ dis	0.35	1½ pm-½ dis	0.12
Norway	10.35½-10.38½	10.36¼-10.37¼	4½-2½ore pm	4.05	8½-6½ pm	2.89
France	8.70½-8.73½	8.72-8.73	3¼-2¼c pm	3.78	8¼-7¼ pm	3.78
Sweden	8.86½-8.89½	8.86¾-8.87¾	3½-1¾ore pm	3.04	7¾-5¾ pm	3.04
Japan	420-427	421½-422½	2.55-2.25y pm	6.83	7.20-6.90 pm	6.69
Austria	27.70-27.80	27.72-27.77	22-12gro pm	7.35	52-42 pm	6.77
Switz.	3.41-3.44	3.42-3.43	4-3c pm	12.26	10½-9½ pm	11.67

Belgium rate is for convertible francs. Financial franc 60.60-60.70. Six-month forward dollar 1.12-1.07c pm; 12-month 2.17-2.07c pm.

OTHER MARKETS

Mar. 15	£	$		£ Note Rates
Argentina Peso...	2290-2310	1125-1135	Austria	27¼-28¼
Australia Dollar...	1.8155-1.8195	0.8917-0.8937	Belgium	60¼-61¼
Brazil Cruzeiro...	46.05-47.05	22.62-23.11	Denmark	10.50-10.60
Finland Markka...	8.085-8.095	3.9710-3.9789	France	8.65-8.75
Greek Drachma...	73.798-75.583	36.24-37.12	Germany	3.75-3.85
Hong Kong Dollar	9.8775-9.8975	4.8514-4.8612	Italy	1,700-1,760
Iran Rial	148.73-156.88	73-77	Japan	420-430
Kuwait Dinar (KD)	0.556-0.566	0.2731-0.2780	Netherlands	4.05-4.15
Luxembourg Frc.	59.95-60.05	29.45-29.47	Norway	10.30-10.40
Malaysia Dollar...	4.4740-4.4840	2.1974-2.2025	Portugal	93-98
New Zealand Dlr.	1.9295-1.9356	0.9477-0.9506	Spain	140.50-145.50
Saudi Arab. Riyal	6.79-6.89	3.3350-3.3841	Switzerland	3.37-3.47
Singapore Dollar	4.4260-4.4360	2.1739-2.1788	United States	2.0350-2.0450
Sth. African Rand	1.7106-1.7215	0.8402-0.8454	Yugoslavia	40¼-42¼

Rate given for Argentina is free rate.

CURRENCY RATES

March 14	Bank rate %	Special Drawing Rights	*European Currency Unit
Sterling	13	0.630019	0.659445
U.S. $	9½	1.28549	1.35138
Canadian $	11¼	1.50711	1.58625
Austria Sch.	3¾	17.5406	18.4339
Belgian F	6	37.9834	39.8185
Danish K	8	6.66005	7.01976
D mark	3	2.39281	2.51533
Guilder	6½	2.58191	2.71485
French Fr	9½	5.50704	5.79000
Lira	10½	1086.56	1142.19
Yen	3½	267.768	281.223
Nrwgn. K	7	6.55986	6.89341
Spanish Pes.	8	88.8929	93.4078
Swedish Kr	6½	5.61605	5.90122
Swiss Fr.	1	2.15859	2.27100

The European Unit of Account has been replaced by the European Currency Unit, which has the same value.

CURRENCY MOVEMENTS

Mar. 15	Bank of England Index	Morgan Guaranty changes %
Sterling	65.0	–39.5
U.S. dollar	84.7	–8.4
Canadian dollar	80.3	–17.9
Austrian schilling	147.1	+19.2
Belgian franc	114.6	+13.6
Danish kroner	118.4	+7.1
Deutsche Mark	150.8	+41.6
Swiss franc	195.1	+81.2
Guilder	125.1	+20.9
French franc	99.5	–6.3
Lira	54.3	–49.2
Yen	139.5	+37.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England index=100).

EXCHANGE CROSS RATES

Mar. 15	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.036	3.795	421.8	8.725	3.425	4.093	1713.	2.389	60.00
U.S. Dollar	0.491	1.	1.864	207.1	4.285	1.682	2.010	841.1	1.173	29.47
Deutschemark	0.264	0.536	1.	111.1	2.299	0.903	1.078	451.3	0.630	15.81
Japanese Yen 1,000	2.371	4.828	8.998	1000.	20.69	8.121	9.704	4060.	5.664	142.3
French Franc 10	1.146	2.334	4.350	483.4	10.	3.926	4.691	1963.	2.738	68.77
Swiss Franc	0.292	0.594	1.108	123.1	2.547	1.	1.195	500.0	0.698	17.52
Dutch Guilder	0.244	0.497	0.927	103.1	2.132	0.837	1.	418.4	0.584	14.66
Italian Lira 1,000	0.584	1.189	2.216	246.3	5.095	2.000	2.390	1000.	1.396	35.04
Canadian Dollar	0.419	0.852	1.589	176.5	3.652	1.434	1.713	716.8	1	25.12
Belgian Franc 100	1.667	3.393	6.325	702.9	14.54	5.708	6.821	2854.	3.982	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.30-10.40 per cent; three months 10.45-10.55 per cent; six months 10.75-10.85 per cent; one year 10.75-10.85 per cent.

Mar. 15	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	11¾-12¼	10⅛-10⅝	9-10	6⅞-7⅛	–1/16–1/16	4 1/16-4 3/16	7-7½	7-10	—	6⅞-13½
7 day's notice	11¾-12¼	10¼-10½	9-10	6⅞-7⅛	–⅛-par	4 1/16-4 3/16	7-7½	10½-11½	10 5/16-10 7/16	5⅞-7⅛
Month	12⅛-12½	10⅝-10⅝	10 9/16-10 13/16	6⅝-6⅝	par-⅛	4⅛-4¼	7⅞-8⅛	11-12	10½-10⅝	5⅜-6⅛
Three months	12 1/16-12 3/16	10 11/16-10 13/16	10⅝-11	6¾-7	–⅛-¼	4 1/16-4 3/16	8-8¼	11½-12½	10⅝-10¾	5 5/16-5⅝
Six months	12⅛-12⅝	10 13/16-11 1/16	10⅝-11	6⅞-7⅛	¼-⅝	4½-4⅝	8⅝-8⅞	12-13	10 13/16-11 1/16	5⅛-5⅜
One year	11⅞-12¼	10 13/16-11 1/16	10⅝-11	7¼-7½	½-⅞	4¾-4⅞	9 5/16-9 9/16	12¼-13¼	10 13/16-10 15/16	4⅞-5⅜

Long-term Eurodollar deposits: two years 10 5/16-10 9/16 per cent; three years 10⅜-10⅝ per cent; four years 10 7/16-10 11/16 per cent; five years 10⅜-10⅝ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

New York rates steady

Conditions in New York remained somewhat subdued yesterday and Federal funds were trading at 10 1/16-10 3/16 per cent, slightly easier than Wednesday. Treasury bills were quoted at 9.49 per cent for 13-weeks against 9.52 per cent earlier with 26-week bills also at 9.49 per cent compared with 9.51 per cent. One-year bills moved marginally to 9.43 per cent from 9.44 per cent while dollar CDs showed very little change at all.

FRANKFURT—Interbank money market rates remained steady in comparison to Wednesday's levels, with call money at 4.2-4.3 per cent against 4.25-4.30 per cent and one-month money at 4.3-4.4 per cent compared with 4.25-4.35 per cent. Three and six-month money rates were unchanged at 4.35-4.45 per cent and 4.65-4.75 per cent respectively while the 12-month rate firmed slightly from 4.9-5.0 per cent to 4.95-5.05 per cent.

PARIS — Short-term interest rates continued to decline yesterday with call-money at 6⅞ per cent from 7 per cent on Wednesday, and one-month money at 6 13/16-6 15/16 per cent against 6⅞-7 per cent. The three-month rate eased to 7 1/16-7 3/16 per cent from 7⅛-7¼ per cent, while six-month money was quoted at 7 5/16-7 7/16 per cent, slightly up from 7¼-7⅜ per cent. The 12-month rate also showed a harder tendency to 7⅞-8 per cent from 7 13/16-8 per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) showed a rather mixed performance yesterday, with shorter term rates tending to ease slightly while longer term rates remained steady.

UK MONEY MARKET

MLR unchanged

Bank of England Minimum Lending Rate 13 per cent (since March 1, 1979)

The absence of any announcement by the Bank of England at 12.30 pm yesterday left MLR unchanged at 13 per cent and caught out a number of people expecting a reduction. Interest rates consequently reflected the unchanged rate and were quoted slightly firmer. Buying rates for three-month Treasury bills rose to above 11 per cent from 10⅞ per cent previously and three-month money in the interbank market reached 11⅝-11¾ per cent compared with 11½-11 9/16 per cent. The one-month rate also jumped from 12-12⅛ per cent to 12 5/16-12⅜ per cent.

The supply of credit in the money market proved to be adequate yesterday and there was no official intervention. The market was faced with the repayment of a large amount of official seven-day advances and a small amount of overnight loans. There was also a small net take-up of Treasury bills to finance as well as further small amounts on the second round of call on Treasury 13¾ per cent. Revenue transfers to the Exchequer, which included tobacco tax, showed a slight excess over Government disbursements (containing the rate support grant).

On the other hand banks brought forward balances a small way above target and there was a small decrease in the note circulation. This was in addition to a further inflow of funds off the foreign exchange market and customer transactions were also in the market's favour.

Discount houses were paying around 12½ per cent for secured call loans at the start, although closing balances were picked up anywhere between 10 per cent and 12 per cent.

The Bank of England announced a temporary reduction in the rate of call on special deposits to nil from 1 per cent to take effect next Monday, the same day as payments due on the Treasury 13¾ per cent tap.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Mar. 15 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	5-12¾	—	—	—	—	10-12⅝	—	—	—
2 days notice	—	—	12¾-12⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12¼-12½	12¾-13	—	12¾	13	12¼-12½	—	—	—
One month	12 1/16-12¼	12 5/16-12⅝	12¼-12⅜	12¼-12½	12¾	12⅝	12⅜	11⅛-11¼	12½-12⅝	12¾
Two months	12¼-12 5/16	12-12⅛	—	11⅞-12¼	12½	—	11½	11-11⅛	12-12⅛	12¾
Three months	11⅞-11 15/16	11⅝-11¾	11⅝-11¾	11-11⅜	12⅛	12	11⅛	11-11⅛	11⅜-11½	12
Six months	11⅛-11¼	11 1/16-11 3/16	11-11⅜	10⅜-10⅝	11⅞	—	—	—	10 15/16-11	12¼
Nine months	11¼-11⅛	11⅝-11½	—	11-11⅜	11¾	—	—	—	—	—
One year	11 1/16-11⅛	11 1/16-11 3/16	11⅛-11½	11-11⅜	11¾	—	—	—	—	—
Two years	—	—	11½-11⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 11¾-12 per cent; four years 12-12⅛ per cent; five years 12⅛-12⅜ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11 per cent; four-month trade bills 12⅞ per cent.

Approximate selling rates for one-month Treasury bills 11⅛ per cent; two-month 10⅞-11 per cent; three months 10⅞ per cent. Approximate selling rate for one-month bank bills 12¼-12⅛ per cent; two-month 11¾-11 13/16 per cent; and three-month 11⅛ per cent; one-month trade bills 12⅝ per cent; two-month 12⅜ per cent; and three-month 11⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from March 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10.5 per cent. Clearing Bank Rates for lending 13 per cent. Treasury Bills: Average tender rates of discount 11.3292 per cent.

GOLD

Slight rise

Gold rose $¼ to $239½-240¼ in very thin trading. It opened at $240-240¾, the highest point of the day, and was fixed at $239.80 in the morning, and $240.10 in the afternoon. The lowest level touched was $239¼-240 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 33,500 per kilo ($243.46 per ounce) in the morning, compared with FFr 33,600 ($244.03) previously.

In Frankfurt the 12½ kilo bar was fixed at DM 14,365 per kilo ($240.49 per ounce), compared with DM 14,350 ($239.78) previously.

	Mar. 15	Mar. 14
Gold Bullion (fine ounce)		
Close	$239½-240¼ (£117.6-118.0)	$239¼-240 (£117.45-117.8)
Opening	$240-240¾ (£117.8-118.1)	$238¾-239 (£116.6-116.9)
Morning fixing	$239.80 (£117.663)	$239.90 (£117.535)
Afternoon fixing	$240.10 (£117.852)	$239.60 (£117.373)
Gold Coins, domestically		
Krugerrand	$253½-257½ (£124½-126½)	$254¾-256½ (£125-126)
New Sovereigns	$67¾-69¾ (£33¼-34¼)	$67¾-69¾ (£33¼-34¼)
Old Sovereigns	$77-79 (£35¾-38¾)	$75¾-77¾ (£37¼-38¼)
Gold Coins, internationally		
Krugerrand	$246½-248½ (£121-122)	$246¾-248¾ (£121-122)
New Sovereigns	$62½-64½ (£30¾-31¾)	$63¼-65¼ (£31-32)
Old Sovereigns	$77-79 (£35¾-38¾)	$77½-79½ (£38-39)
$20 Eagles	$311-316	$313-315
$10 Eagles	$170½-175½	$171-176
$5 Eagles	$118½-123½	$119-124

MONEY RATES

NEW YORK

Prime Rate	11.5-11.75
Fed Funds	10.125
Treasury Bills (13-week)	9.49
Treasury Bills (26-week)	9.49

GERMANY

Discount Rate	3
Overnight Rate	4.25
One month	4.35
Three months	4.40
Six months	4.70

FRANCE

Discount Rate	9.5
Overnight Rate	6.875
One month	6.875
Three months	7.125
Six months	7.375

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.625
Bills Discount Rate	4.625

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Oil issues lead early Wall St. improvement

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—78¼% (77¼%)

Effective $2.0360 39¾% (38¾%)

AFTER WEDNESDAY'S consolidation, the Wall Street stock market made some fresh upward progress yesterday morning in active business, with Oil issues particularly firm.

The Dow Jones Industrial Average was 4.34 firmer at 849.71 at 1 pm, while the NYSE All Common Index gained 25 cents to $55.90 and rising issues outscored declines by about a seven-to-five margin. Turnover increased to 17.7m shares from the previous day's 1 pm level of 17.39m.

Oil shares have been benefiting lately from expectations of good profits as shortages have pushed prices upward.

Analysts said there were some encouraging developments. The Office of Management and Budget has reduced its estimates of U.S. budget deficits for the years through to 1981. The dollar was a little firmer, as was the bond market.

Closing prices and market reports were not available for this edition.

Additionally, Bankers Trust chairman Alfred Brittain said interest rates are near a peak.

Among the actives, **Gulf Oil** gained $¾ to $25¾, **Texaco** $½ to $25¾ and **Occidental Petroleum** $⅛ to $20½. **Ashland Oil** advanced $1½ to $41½. The U.S. unit of Thomas Tilling wants to buy some of Ashland's assets for $44m.

British Petroleum put on $⅛ to $22½, after reporting good annual results. Its 52 per cent-owned Standard Oil of Ohio subsidiary climbed $1¾ to $48. Sohio recently dropped plans for a California to Texas oil pipeline.

Scott Paper, which has periodically been the subject of take-over speculation, gained $⅞ to $18⅞ in heavy trading, including a block of 297,000 shares traded at $18⅞.

CBS retreated $2½ to $47 on its expectations of a 40 to 50 per cent fall in first-quarter profits.

National Airlines hardened $⅞ to $40½. Texas International Airlines said it has raised its National stake to 24.6 per cent by buying 121,000 shares on Wednesday. **Texas International** gained $½ to $12½ in American stock exchange trading.

THE AMERICAN SE Market Value Index moved ahead 1.44 more to 172.27 at 1 pm on volume of 2.66m shares (2.3m).

Among the actives, **McCulloch Oil** gained $⅞ to $5⅞ and **Houston Oil** $⅞ to $17½, while Canadian Superior Oil, which may merge with its U.S. parent, was $3¾ higher at $91.

Canada

Markets remained in buoyant mood in active early dealings yesterday, with the Toronto Composite Index rising 7.0 further to 1,426.0 at noon. Oils and Gas advanced 13.4 to 2,112.9, Metals and Minerals 7.0 to 1,276.8, Banks 1.38 to 302.88 and Utilities 1.27 to 211.67.

The Transportation index climbed more than 30 points, with Canadian Pacific up ½ to C$27⅞.

Abitibi Paper shed ⅛ to C$18⅞. **HCI** stated that it has sold its 10 per cent interest in Abitibi for C$20 per share.

Germany

Stock prices declined in listless trading as persisting rumours of a credit tightening by the West German Central Bank continued to keep investors away from the market. The Commerzbank index retreated 6.1 to 791.7.

However, shortly after the stock exchange close, the Bundesbank announced that its Central Bank Council meeting had not made any credit or monetary policy decisions.

Banks and Stores were among the hardest hit sectors. Among Banks, **Commerzbank** and **Deutsche Bank** each lost DM 2.00, while **Dresdner bank** eased DM 1.30.

In stores, trading actually began on an upswing with interest centred on **Neckermann**, which closed still DM 1.00 up, but **Kaufhof** ended DM 3.30 lower and **Karstadt** off DM 1.50.

In Steels, **Thyssen** shed DM 2.70 following comments made at a company Press conference that it is still uncertain whether the coming months can make up for losses suffered during the German steel strike at the turn of the year.

Metallgesellschaft lost DM 1.00 in Engineering. News of a lower dividend for the year ended September 30 came too late to affect trading. **Linde** were unchanged at DM 281.00 after news of higher balance sheet profits and an unchanged dividend with a DM 1.50 bonus.

Public Authority Bonds made a steadier showing, with gains of up to 10 pfennigs occurring but also some losses ranging to 20 pfennigs being registered. The Regulating Authorities sold a nominal DM 6.3m of paper, compared with purchases of DM 13.4m on Wednesday.

Tokyo

Investors continued to adopt a cautious attitude in the absence of any encouraging factors, and the market, after early firmness, drifted down in thin dealings to finish predominantly easier on the day.

The Nikkei-Dow Jones Average receded 23.48 more to 6,024.53, while volume came to 200m shares (250m).

Chemicals, Machines, Pharmaceuticals and Textiles led the market reaction.

Arabian Oil, after recent strength, declined Y150 to Y2,470, while **Canon** retreated Y11 to Y544, **Sony** Y30 to Y1,730 and **Kyoto Ceramic** Y40 to Y3,940.

Shipping Lines, however, rose, benefiting from the recovery in the world tanker market, with **Japan Line** gaining Y5 to Y124 and **Kawasaki Kisen** Y2 to Y113. Coals firmed, still responding to the rise in crude oil prices.

Paris

With the Bourse employees' strike continuing, there were again no normal share quotations yesterday.

Forward share quotes issued by the Stockbrokers Association through its special procedure have again been used to update the Financial Times list of Paris share prices, but this market is extremely narrow.

The Stockbrokers Association has agreed to commence talks with striking Bourse employees next Monday, a union spokesman said. The employees, whose strike in support of wage claims has prevented normal stock quotes and currency fixings since February 26, are prepared to cease occupation of the association's offices on condition that brokers abandon the special procedure for giving stock quotations, he added.

The employees are scheduled to decide today whether to continue the strike into next week.

Hong Kong

Stocks gained ground in moderate activity, but finished below the day's best levels. The Hang Seng index closed 7.81 higher at 548.08.

Hong Kong Wharf were unchanged at HK$35.00, while **Wheelock "A"** gained 7.5 cents to HK$3.275, following a denial by Wharf's general manager that his company plans to bid for Wheelock.

China Light rose 40 cents to HK$21.30 on news that it is holding discussions with the Chinese authorities about supply of electric power from Hong Kong to China.

Hongkong Bank, Hong Kong Electric, Hong Kong Land, and **Jardine Matheson** improved 20 cents apiece to HK$19.70, HK$5.80, HK$8.00, and HK$12.30 respectively.

Amsterdam

Easier-inclined on lack of interest.

Pakhoed featured with a fall of Fl 5.30 to Fl 43.50 on reporting lower 1978 net profits.

Wessanen and **Hollandsche Beton** were hardly changed on news of higher 1978 profits.

Middenstandsbank lost Fl 5.00 and **LM** Fl 2.50, but **Van Ommeren** rose Fl 4.00.

State Loans were little changed.

Australia

Markets showed renewed firmness, with Oil and Coal Mining issues attracting fresh support. The Sydney All Ordinary Index rose 2.02 to 593.56, its highest level for several years.

Johannesburg

Golds improved afresh in light trading, with Mining Financials shadowing the firmer trend.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
♠ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

† Bid. ‡ Asked. § Traded. ‖ New stock.

Indices

NEW YORK —DOW JONES

	Mar. 14	Mar. 13	Mar. 12	Mar. 9	Mar. 8	Mar. 7	1978-79 High	1978-79 Low	Since Compil'tn High	Since Compil'tn Low
♦ Industr'ls	845.37	846.93	844.69	842.98	844.85	834.29	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	84.52	84.48	84.48	84.64	84.78	84.76	90.86 (4/1/78)	84.09 (15/1/79)	—	—
Transport..	214.56	215.28	215.97	214.01	213.82	211.76	261.48 (8/9)	199.31 (9/1/78)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	102.89	103.66	103.55	104.16	104.08	103.69	110.98 (3/1)	97.75 (20/12)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	24,650	31,170	26,740	33,590	32,060	28,930	—	—	—	—

♦ Day's high 852.56 low 841.74

Ind. div. yield %	Mar. 9	Mar. 2	Feb. 23	Year ago (approx)
	5.87	6.04	5.95	6.14

STANDARD AND POORS

	Mar. 14	Mar. 13	Mar. 12	Mar. 9	Mar. 8	Mar. 7	1978-79 High	1978-79 Low	Since C'mpil'tn High	Since C'mpil'tn Low
‡Indust'ls	111.12	111.29	111.11	110.88	110.95	109.67	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	99.71	99.84	99.67	99.54	99.58	98.44	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/63)	4.40 (1/6/32)

	Mar. 7	Feb. 28	Feb. 21	Year ago (approx).
Ind. div. yield %	5.17	5.28	5.07	5.56
Ind. P/E Ratio	8.95	8.73	9.01	8.46
Long Gov. Bond Yield	9.01	9.06	9.01	8.20

N.Y.S.E. ALL COMMON

Mar. 14	Mar. 13	Mar. 12	Mar. 9	1978-79 High	1978-79 Low
55.96	55.99	55.87	55.81	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Mar. 14	Mar. 13	Mar. 12
Issues Traded	1,847	1,873	1,848
Rises	673	853	686
Falls	721	601	732
Unchanged	453	419	430
New Highs	31	48	27
New Lows	7	8	9

MONTREAL	Mar. 14	Mar. 13	Mar. 12	Mar. 9	1978-79 High	1978-79 Low
Industrial	241.55	240.98	239.71	239.29	241.55 (14/3/79)	152.90 (16/2)
Combined	242.56	241.89	240.64	240.46	242.56 (14/3/79)	170.62 (30/1)
TORONTO Composite	1419.0	1414.1	1404.7	1403.0	1419.0 (14/3/79)	998.2 (30/1)
JOHANNESBURG Gold	262.3	250.0	251.8	247.6	290.7 (7/2/79)	186.0 (20/4)
JOHANNESBURG Industrial	303.4	301.1	298.7	297.7	309.9 (13/2/79)	194.9 (13/3)

	Mar. 15	Previous	1978-9 High	1978-9 Low
Australia (¶)	593.56	591.54	593.56 (15/3/79)	411.16 (1/3)
Belgium (‖)	—	105.04	105.82 (23/2/79)	90.43 (23/6)
Denmark (**)	94.75	95.90	98.95 (14/6)	68.08 (30/10)
France (††)	(u)	(u)	83.0 (4/10)	47.6 (3/2)
Germany(‡‡)	791.7	797.8	863.2 (19/10)	759.4 (17/5)
Holland (§§)	77.0	77.1	83.1 (11/9)	76.0 (4/4)
Hong Kong (¶¶)	548.08	540.27	707.70 (4/9)	383.4 (13/4)
Italy (‖‖)	78.64	76.76	82.25 (25/9)	56.45 (10/1)
Japan (a)	446.77	447.76	462.97 (31/1/79)	364.04 (4/1)
Singapore(b)	361.40	359.56	414.50 (6/9)	252.0 (9/1)
Spain (d)	109.31	109.86	111.86 (8/3/79)	93.03 (12/1/79)
Sweden (c)	369.84	371.67	406.00 (4/8)	325.74 (3/1)
Switzerld(f)	314.5	313.6	323.7 (14/2)	261.6 (26/9)

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Texas Intl.	390,600	12⅞	−¼
Exxon	288,900	53¼	+¼
Amer. Stores	266,100	52¼	+4⅛
Sterling Drug	243,500	16¾	+¼
Sears Roebuck	228,700	21	+¼
Caesars World	208,300	55⅞	+⅛
Amer. Motors	207,200	7½	—
Texaco	184,700	25¼	+¼
Allegheny Airlns.	182,400	10¾	−⅛
General Tire	172,200	26	−¼

NEW YORK

Stock	Mar. 14	Mar. 13
Corning Glass	54⅛	54⅜
CPC Int'rnation'l	52	52½
Crane Co.	29⅜	29½
Crocker Natl	27⅝	27¾
Crown Zellerb'h.	33¼	33¼
Cummins Engine	35⅝	35⅞
Curtiss Wright	1⅛	14¾
Johns Manville	24⅜	23¾
Johnson Johnson	71¼	71¾
Johnson Control.	28⅞	28⅝
Joy Manufacturg	30⅛	30⅛
K. Mart	23½	23⅝
Kaiser Alumini'm	20⅝	21
Kaiser Industries	2¼	2¼
Kaiser Steel	26⅜	26¾
Kaneb Services	14⅛	14⅛
Revlon	49½	50
Reynolds Metals	36	36
Reynolds R.J.	58	57⅞
Rich'son Merrell	22	22⅛
Rockwell Inter.	36⅝	36⅝
Rohm & Haas	37	36⅞
Royal Dutch	66⅜	66⅜
RTE	11½	11⅝
Ross Togs	10⅛	10⅛
Woolworth	22	22
Wyly	4¾	4¾
Xerox	57⅝	57⅛
Zapata	16⅛	14⅞
Zenith Radio	14⅛	13¾
U.S. Treas.4% '80	†80	†95
USTreas4½%75/85	†95	†79½
U.S. 90-day bills.	9.60%	9.50%
Weyerhaeuser		
Whirlpool	18	18⅝
White Con. Ind	21	20⅞
William Co.	19⅛	19¼
Wisconsin Elect.	26⅛	26¼
West Coast Trans	12¾	12⅝
Weston (Geo.)	23¾	24

GERMANY ♦

Mar. 15	Price DM.	+ or —	Div. %	Yld. %
AEG	62	+0.2	—	—
Allianz Versich.	473		31.2	3.3
BMW	223.6	−0.5	28.12	6.3
BASF	137.5	−0.5	18.75	6.8
Bayer	138.7	−0.4	18.75	6.7

TOKYO ¶

Mar. 15	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	343		14	2.0
Canon	544	−11	12	1.1
Casio	826	−14	25	1.5
Chinon	366	−5	20	2.7
Dai NipponPrint	558	−1	18	1.7
Fuji Photo	540	−3	15	1.1

AUSTRALIA

Mar. 15	Aust. $	+ or —
ACMIL (25 cents)	†0.70	
Acrow Australia	†0.95	
AMATIL $1	†2.34	+0.02
Ampol Exploration	†1.55	−0.05
Ampol Petroleum	†0.76	+0.01

OSLO

Mar. 15	Price Kroner	+ or —	Div. %	Yld. %
Bergen Bank	100xd		6	6.0
Borregaard	77		—	—
Creditbank	111xd	−0.5	11	9.0
Kosmos	360		20	5.6
Kreditkassen	107xd		11	10.3
Norsk HydroKr8	260		12	3.7

BASE LENDING RATES

A.B.N. Bank	13 %
Allied Irish Banks Ltd.	13 %
Amro Bank	13 %
American Express Bk.	13 %
A P Bank Ltd.	13 %
Henry Ansbacher	13 %
Associates Cap. Corp.	14 %
Banco de Bilbao	13 %
Bank of Credit & Cmce.	13 %
Bank of Cyprus	13 %
Bank of N.S.W.	13 %
Banque Belge Ltd.	13 %
Banque du Rhone et de la Tamise S.A.	13½%
Barclays Bank	13 %
Bremar Holdings Ltd.	14 %
Brit. Bank of Mid. East	13 %
■ Brown Shipley	13 %
Canada Perm't Trust	13 %
Cayzer Ltd.	13 %
Cedar Holdings	13 %
■ Charterhouse Japhet	13½%
Choulartons	13 %
C. E. Coates	13 %
Consolidated Credits	13½%
Co-operative Bank	*13 %
Corinthian Securities	13 %
Credit Lyonnais	13 %
The Cyprus Popular Bk.	13 %
Duncan Lawrie	13 %
Eagil Trust	13 %
English Transcont.	13½%
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	13 %
Greyhound Guaranty	13½%
Grindlays Bank	‡13 %
■ Guinness Mahon	13 %
■ Hambros Bank	13 %
■ Hill Samuel	§13 %
C. Hoare & Co.	†13 %
Julian S. Hodge	14 %
Hongkong & Shanghai	13 %
Industrial Bk. of Scot.	13½%
Keyser Ullmann	13 %
Knowsley & Co. Ltd.	14½%
Lloyds Bank	13 %
London Mercantile	13 %
Edward Manson & Co.	14 %
Midland Bank	13 %
■ Samuel Montagu	13 %
■ Morgan Grenfell	13 %
National Westminster	13 %
Norwich General Trust	13 %
P. S. Refson & Co.	13 %
Rossminster	13 %
Royal Bk. Canada Tst.	13 %
Schlesinger Limited	13 %
E. S. Schwab	14 %
Security Trust Co. Ltd.	14 %
Shenley Trust	15 %
Standard Chartered	13 %
Trade Dev. Bank	13 %
Trustee Savings Bank	13 %
Twentieth Century Bk.	14 %
United Bank of Kuwait	13 %
Whiteaway Laidlaw	13½%
Williams & Glyn's	13 %
Yorkshire Bank	13 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 10½%, 1-month deposits 10¾%.
† 7-day deposits on sums of £10,000 and under 10½% up to £25,000 11% and over £25,000 11¼%.
‡ Call deposits over £1,000 10½%.
§ Demand deposits 11%.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS

C=Call P=Put

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND ●

COPENHAGEN ♣

VIENNA

MILAN

PARIS

STOCKHOLM

JOHANNESBURG

MINES

INDUSTRIALS

Financial Rand U.S.$0.73½ (Discount of 37.8%)

SPAIN ♥

BRAZIL

Source: Rio de Janeiro SE.

CANADA

ENERGY REVIEW: U.S. OIL AND GAS **BY RAY DAFTER, in Cambridge, Mass.**

The tangled web of controls

IN ORDER to comply with new U.S. gas producing regulations, energy companies have to supply regulatory officials with an average of 3 lbs of paperwork for each well. Continental Oil has just filed the necessary data for 1,000 such wells. The result, according to Mr. Samuel Schwartz, the company's senior vice-president for administration, was 1¼ tons of documentation, "assembled at enormous cost, and presumably, to be studied and audited, in the fullness of time, at even greater cost."

The Natural Gas Act which passed through Congress last year was designed to encourage the exploration for, and development of, more domestic gas through the gradual decontrol of pricing. The significant improvement of gas production in recent months would indicate that, initially at least, the ambition is being fulfilled.

However, the energy industry is questioning with increasing vigour whether the aims could not have been met with fewer regulations and less documentation. The questions are pertinent at a time when President Carter's Administration is considering ways of decontrolling domestic crude oil prices to bring them more into line with worldwide market levels. Proposals will be announced probably within the next two or three weeks and oil producers are concerned that they may be confronted with something akin to the Natural Gas Act. In principle, this latter piece of legislation will decontrol the price of certain categories of natural gas production in 1985 although in the intervening years it considerably broadens the regulation of gas prices. It also includes the extension of such regulation to gas produced and sold within a single state—the so-called intrastate markets—a category previously left uncontrolled.

Monkey Wrench

Under the Natural Gas Act there are now no less than 34 categories of gas, each subject to its own particular price treatment. With this in mind, Mr. Henry Lippitt II, the executive secretary of the California Gas Producers Association, has nominated the U.S. Energy Regulatory Commission for a tongue-in-cheek Monkey Wrench Award of the Month. In a letter to Representative Peter Peyser (Democrat, New York) Mr. Lippitt complains that the Commission has imposed an "intolerable, useless, and time-consuming reporting and filing requirement on 95 per cent of the smaller producers of natural gas in the U.S."

He has calculated that the 10,000 individual small and large natural gas producers in the U.S. could take a total of at least 30,000 to 40,000 man-hours to prepare merely the initial submissions required by the Regulatory Commission. The cost of this operation might be $300,000 to $400,000, it is estimated. However, according to Mr. Lippitt, the need for 95 per cent of these forms is non-existent. Only 5 per cent of the producers each sell more than 10bn cubic feet of gas annually and it is the activity of these which is to be closely monitored.

But the larger producers are worried too. Mr. Schwartz of Continental Oil told a Columbia University Energy Forum this month that his company's legal officers were having considerable difficulty in interpreting the regulations of the Natural Gas Act. As a consequence, many years of litigation might be in prospect. "During this litigation, uncertainties about the eventual outcome may impede the search for raw gas and the execution of contracts for gas already discovered."

This is the rub. At a time when the U.S. and other major energy consumers should be making a concerted effort to lessen their dependency on oil supplies from politically-sensitive Middle Eastern exporters governments are weaving a mesh of economic and environmental legislation that is inhibiting the development of alternative fuel and power supplies.

The price regulations surrounding U.S. production of crude oil is a case in point; one mentioned before in this column. Mr. Schwartz presented what he saw as the benefits of allowing U.S. crude prices to move in line with those on the international market. Proposing that "upper tier" oil prices, relating to recently drilled wells, should be decontrolled from June 1 and that "lower tier" oil prices (now about $6 a barrel), relating to older wells, should be phased out by September 1981, Mr. Schwartz predicted that domestic oil production would be increased by 80,000 barrels daily in 1979, by 250,000 b/d in 1980 and 500,000 b/d in 1981. In addition some 300,000 b/d would be saved in 1980 through energy conservation stimulated by the higher real prices.

The reduction in oil imports—around 550,000 b/d in 1980—would strengthen the U.S. dollar in international currency markets and thus ease import costs. This benefit would help to offset the impact of higher domestic oil prices on the Consumer Price Index.

Mr. William Lane, director of the U.S. Energy Department's Office of Competition, is broadly in agreement with the benefits of price decontrol. As he told the Columbia University forum, every barrel of oil imported by the U.S. adds to the strain on world supplies and contributes to higher prices. It had been calculated that the net effect of 1m barrels a day imported into the U.S. was a 25 cents rise in world oil prices; in other words U.S. imports of 9m barrels a day are, in themselves, contributing $2.25 a barrel to the current level of oil prices. What is more, by reducing its imports the U.S. could save money on the amount of oil it would have to store in its Strategic Petroleum Reserve.

Against these benefits, however, must be set the political considerations. Higher domestic oil prices would not only have a direct impact on inflation; they would also have a psychological effect on those negotiating within the current wage guidelines. Mr. Lane said the Administration was also naturally worried about providing oil companies with "windfall profits." It was also important for the Administration to decide whether or not it would always allow domestic prices to track world oil prices.

Adding a novel twist to the argument, Mr. Lane also pointed out that by completely decontrolling domestic oil prices, the Government would be sacrificing a regulatory function which would permit prices to be charged that were higher than those on the world market. These might be necessary to stimulate so-called enhanced oil recovery techniques; costly production methods employed to extract some of the remaining hard-to-get oil in old reservoirs.

Crucial sector

The energy sector of commerce is far too big to be left alone. Its activities are crucial to the social and economic well-being of countries as well as their security; the environmental implications of its operations are of concern to everyone. But it is worth asking whether the regulations designed to reflect these concerns are now inhibiting the expansion and diversification of energy production also needed for our well-being.

There is some evidence to suggest that the answer may be yes. The regulatory procedures for new coal mines and nuclear power stations in the U.S. have drastically slowed the development of these much needed energy sources. A few years ago the Administration's over-ambitious Project Independence plan foresaw domestic coal production reaching perhaps 2bn tons a year by 1985; today it seems likely that the output will be no more than 800m tons a year.

Growth industry

Mr. Robert Yancey, president of Ashland Oil, cites Government regulation as America's number one growth industry. Since 1974, he told the Columbia forum, the federal regulatory budget had more than doubled; since 1976 the number of regulators had more than tripled, increasing at a rate four times that of federal employees as a whole. According to the American Petroleum Institute federal regulation could cost the U.S. $103bn this year—"about $500 for every man, woman and child in the country."

"Overall, the regulated sector of the economy has grown to nearly one-third of the Gross National Product," Mr. Yancey lamented. "Some Government rules and guidelines are undoubtedly necessary, but we are rapidly strangling ourselves and our economy in a morass of Government regulations and red tape."

Mr. Yancey pointed to more specific effects of increasing regulation. Only one new refinery plant of any size had been constructed in the U.S. in the past decade and it was sold before it began work because of a change in the regulations. The country needed further refineries and yet, he argued, the regulations encouraged the construction of only very small, inefficient plants.

Since 1970, some 13 East Coast refinery projects had been aborted because of state or local action on environmental grounds. "One would-be refiner has spent nine years and $8m trying to get permits to construct a new refinery in Virginia, and is still not able to turn the first spade. If built, the plant would now cost about seven times the original estimate," said Mr. Yancey.

Only this week, BP-controlled Standard Oil of Ohio (Sohio) announced that it was abandoning its plans to build a $1bn pipeline to carry Alaskan crude oil from Long Beach, Calif., to Midland, Texas. The reason, according to Mr. Alton Whitehouse, Sohio's chairman was "endless government permit procedures, pending and threatened litigation and the prospective unavailability of two natural gas lines which Sohio proposed to convert to the oil pipeline." Sohio is expected to write off about $50m in costs so far incurred on the pipeline project.

Such anecdotes and complaints are by no means peculiar to the U.S. The UK oil industry has voiced its concern about the growth of controls in the North Sea, for instance. It may have an unexpected ally in its state-controlled competitor, the British National Oil Corporation—itself the outcome of some wide-ranging regulatory legislation. By operating alongside private companies BNOC is able to spot the regulatory knots perhaps more easily than the regulators. This has certainly been the case with the guidelines governing oil exports; BNOC has been a moderating influence here, seeing the wisdom of trading crudes of varying quality rather than insisting on a fixed percentage of North Sea production being refined in the UK as was the original policy.

Petro-Canada — BNOC's counterpart in Canada — sees itself as a catalyst for the oil industry and not a threat to it according to Mr. Bill Hopper its president, writing recently in the Oil and Gas Journal. "I look at some of the things that happen in Washington—at some of the unrest and suspicion of the major oil companies within regulatory bodies and within Congress.

"But Petrocan has helped our Government by giving it an insider's view. And government officials feel they are better served with that kind of advice than the kind they get from industry associations and companies in general, which tend to be pretty self-serving."

This may be taken as a cue by some on Capitol Hill to resurrect their idea of a U.S. state energy corporation in the interest of regulatory non-proliferation. It would not be a welcome move to private industry. Indeed, there is little evidence that it would be welcomed in the country as a whole where there seems to be a general disenchantment with the few state organisations that do exist. So the Administration may have to find another way to untangle some of the controls that seem to be strangling energy producing efforts. There can be little doubt that something will have to be done if the U.S. is to ease its dependence on imported oil.

FINANCIAL TIMES SURVEY
Friday March 16 1979

CANADIAN BANKING and FINANCE

Canadian bank profits have been soaring in spite of economic difficulties and delays to the passage of a new Bank Act. When it comes it will allow foreign-owned banks to be set up.

oreign anks t the ates

By W. L. Luetkens

E FINANCIAL institutions anada are having to contend n an uncertain regulatory ation and with an economic look that is mixed—from d to indifferent.

revision of the Bank Act, retically due in 1977, has ~~not occurred~~ and this ation may drag on into 1980. y then will the chartered ks, biggest sector in the adian financial world, know rules under which they will e to operate for the subsent 10 years until another sion falls due.

does, however, appear that Act eventually passed will depart too drastically from bill tabled last year by the ernment. If so, it would nit the foundation of ign-owned banks. It would the world of factoring and ing to the banks, though er certain safeguards. It ld also remove the limitas they are under in granting estic mortgages, much to chagrin of the mortgage panies, and also of the trust companies, second strongest element on the country's financial scene.

To add to the trust companies' worries, they have been caught in a particularly awkward interest cycle. Because of the weakness of the Canadian dollar, administered interest rates have been pushed up by the authorities, and as an indirect consequence the cost of the trust companies' funds has climbed. On the other hand mortgage interest, a large source of their income, has remained much more stable: in Canada it is usual to renegotiate mortgage interest once every five years, in contradistinction to the British practice where rates can be adjusted as required. Over and above that, for demographic reasons housing demand and with it demand for mortgages is expected to begin to decline in Canada within the next decade.

Assets

The chartered banks, on the other hand, with aggregate assets of C$185bn, as against the C$37bn of the trust and mortgage companies, are near the top of their cycle. Rising administered interest rates have increased their spreads. They have also benefited at least nominally from the falling exchange rate, since much of their business is denominated in foreign currency, mainly U.S. dollars. Their aggregate foreign exchange assets have surpassed C$65bn.

The immediate prospect is for continued high interest rates, so analysts are foretelling that the after-tax balance of revenue of the chartered banks will increase by about 20 per cent this year, following a rise of 32 per cent in the year of account to October 31 last and one of 10 per cent the year before. Towards the end of this year interest rates should be on their way down again, but there is the prospect of some compensation from increasing volumes of business. The Canadian economy has performed indifferently since the mid-1970s, but there are signs that manufacturing industry may wish to step up investments late this year or early in 1980. However, the prospects of lasting improvement are none too certain: a serious U.S. recession—not to speak of international complications — could change the picture.

Hopes of a revival of investment are largely based upon the beneficial effects of the devaluation of the Canadian dollar from a peak of U.S.$1.03 late in 1976 to somewhere around U.S.$0.83 now. There is reason to believe that the Canadian Government wants to keep the rate from going below the present level, both for political reasons in an election year and in order to avoid the inflationary effect of a further decline of the currency.

The Minister of Finance, Mr. Jean Chretien, has come forward with an estimate that the Canadian economy will show real growth of 4½ per cent this year. Even if the world climate should be favourable those figures are almost certainly too high: 3 per cent, perhaps 3½ per cent is likely to be closer to the mark. The Progressive Conservatives, who stand a good chance of forming at least a minority government after the elections, have promised stimulatory measures, but it is difficult to see how to finance such measures, and even whether they could succeed. Although there are signs that the economy is stronger than generally believed, 1979 is unlikely to be a brilliant year.

Since the passing of the Bank Act of 1967, which opened the chartered banks' way into consumer credit, their Canadian dollar assets have multiplied by a factor of 4.8 (whereas their foreign exchange assets have multiplied by 10.1, giving overall growth by a factor of 5.8). The trust and mortgage companies, which have counterattacked by becoming something very close to retail banks (including a chequeing facility in the case of trust companies) have multiplied their total assets by more than five. Everyone has been outdone by the credit unions, and their Quebec equivalent, the Caisses populaires, which have multiplied by a factor of almost seven to total assets of C$22bn.

MAIN CANADIAN BANKS

	Total assets At 31.12.78 (C$bn)	Total assets Increase in 1978 (%)	Foreign assets (% of total)	Balance of after-tax revenue Year ended 31.10.78 (C$m)	Euro-syndications Manager: Numbers and amounts (U.S.$)		Euro-syndications Co-manager: Numbers and amounts (U.S.$)	
Royal	44.2	24.0	32.4	233.9	23	($6.1bn)	33	($6.2bn)
Imperial of Commerce	40.2	22.7	27.9	193.5	10	($5.3bn)	45	($7.5bn)
Montreal	33.7	30.0	28.5	193.5	25	($6.5bn)	37	($5.5bn)
Nova Scotia	28.5	29.0	45.4	153.9	6	($2.8bn)	30	($7.1bn)
Toronto-Dominion	24.4	25.5	34.8	129.2	9	($5.0bn)	40	($10.5bn)
Canadian National	8.1	19.1	22.6	29.7	2	($1.3bn)	n.a.	
Provincial	5.3	21.8	22.7	18.9	2	($1.3bn)	n.a.	

Sources: Canadian Bankers Association, Euromoney, Dominion Securities.

Innovation

The biggest innovation expected from the revised Bank Act when it comes into force will be a removal of the ban on foreign-owned banks, a subject that is considered in a separate article in this survey. A point to remember, however, is that foreign-owned investment and finance companies have been working quite successfully in Canada for years, though not with the cachet of being banks proper. The Government intends to remove that disability, but the concession will be hedged about with restrictions the precise nature of which remain to be seen once the Bank Act has actually been passed.

At the domestic level, the draft legislation will allow chartered banks to go into factoring and into leasing, provided it is financial leasing. It is probable that the Parliament will insist on restrictions on bank leasing in the interests of small business. The intention will be to confine the banks to leasing really expensive equipment rather than, say, cars.

Parliament is also likely to be fairly restrictive in its approach to the Government's proposal that the banks be allowed to provide "bank related" data processing services. The banks themselves are extremely anxious to use their computer capacity to make up pay packets on behalf of their commercial customers, but it is doubtful whether that will be conceded.

The banks have been upset by a proposal to impose a 3 per cent monetary reserve on deposits in foreign exchange which are used domestically. They say it will diminish their competitive strength by adding to their costs. The argument has met with some sympathy.

Foreign exchange deposits made by Canadians have grown rapidly to above C$10bn since the Canadian dollar began to decline in 1976. Since the increase in part reflects Canadians taking positions against their own currency, there has been sporadic talk of exchange controls. However, movements on capital controls are extremely unlikely unless someone becomes desperate, simply because they would be almost impossible to enforce.

Finance Minister, Mr. Jean Chretien: piloting the new Bank Act.

Settlements

Initially, in its White Paper of 1976, the Government had proposed to bring the trust companies and Caisses into the clearing and settlements system that was to succeed the settlements system at present run by the chartered banks. But the provincial governments objected, since federal responsibility extends only to banking proper. The proposal, which would have involved the non-bank members maintaining monetary reserves with the Bank of Canada, for which they would not have been paid interest, has been made inocuous.

But even so, some of the non-banks are beginning to wonder about the future. The most obvious case is that of IAC, the country's largest sales finance company, with assets approaching C$3bn, which has decided to turn itself into a bank in order to take advantage of the more favourable capital ratios that will be available to it after the transformation. Its shiny new glass and steel palace is now rising in the heart of the Toronto financial quarter.

Similar transformations will be undertaken by many foreign-owned so-called banks once the legislation has been passed. On the whole the Canadian banks have said, though not unanimously, that they would welcome the giving of bank status to the foreigners. Turning the foreigners into bankers officially will actually increase the degree of control over them, but in any case the Canadian bankers could hardly say no, given the size of their own international involvement.

Profits spree for the banks

CHARTERED BANKS, the heavyweights among the Canadian financial institutions, are in the middle of a profits spree that can have had few parallels. The balance of revenue after tax rose by 32.4 per cent in the year of account to October 31 last, having gone up by 10 per cent in the year before. Bank analysts in Toronto and Montreal expect another increase in the region of 20 per cent in 1978-79, though the second half of the year may see the turning point.

Three elements contributed to the excellent showing in 1978-79. The decline of the Canadian dollar from about U.S. cents 90 in November, 1977, to U.S. cents 85 in October, 1978, boosted the value in the banks' books of the great volume of their foreign business. The rise of Canadian-administered interest rates, imposed to steady the exchange rate, caused spreads to widen. Finally, the banks discovered several tax-free so-called loan substitutes, which helped them to shave tax rates.

A Montreal analyst, Mr. Victor Koloshuk of McLeod Young Weir, estimates that but for these factors profits would have risen not by a third but by less than 8 per cent in 1977-78. For several reasons the additional boosters to bank profitability may not be as powerful in the future as in the past.

For a start, the effect of rising interest rates may have been largely spent. With the prospect of a recession in the U.S. later this year the trend of administered interest rates is likely to be downward, even though economists in Toronto foresee the possibility of one more rise of prime rates by the summer. However, once U.S. interest rates begin to weaken, Canada is sure to follow since Canadian rates were pushed up merely for exchange rate reasons to keep a spread above the rates prevailing in the U.S.

One is on much unsafer ground in speculating about the Canadian exchange rate. The consensus in Canada is that at its present level in a band around U.S. cents 84 or thereabouts, the Canadian dollar should be pretty stable. Imponderables abound, but it may even strengthen a bit later this year, which could see the removal of some political uncertainties, as well as a decision to increase exports of Canadian natural gas to the U.S.

On the other hand, nobody foresees a strengthening of the Canadian currency pronounced enough to make a serious dent in the somewhat nominal profits that have resulted from the steady decline of the exchange rate since November 1976.

The tax device of the so-called loan substitutes has lost some of its attractions, but only some. The device consisted of substituting certain esoteric securities (such as floating or fixed rate term preferred shares) with preferential tax treatment for straightforward commercial loans. So popular did it become that Mr. Jean Chretien, the Minister of Finance, partly plugged the loophole in November 1978. He removed the tax privilege where the deal was for a period of less than ten years. But all deals already in the pipeline were spared.

Judging by the first quarter results of the chartered banks, they had acted on the advance knowledge that something was afoot. Nevertheless it must be assumed that the share of the so-called loan substitutes in their total assets will decline after the current year of account.

Unless something new comes along, therefore, the chartered banks will have to rely on asset growth, and above all on foreign business, for further expansion. The possibility of their advancing deeply into the field of leasing as the result of likely changes to banking legislation is discussed in the introductory article of this survey. The chances of asset growth for cyclical reasons must be accounted high, unless the world environment deteriorates dramatically.

Devaluation

The reason for saying so is that the devaluation of the Canadian dollar has clearly worked through to Canadian industry. The most recent quarterly reports from the banks show that demand for business loans (as well as for personal loans) has been picking up.

But the very structure of Canadian balance sheets shows that the real growth potential is abroad. Something like one-third of the assets and a similar proportion of the after-tax balance of revenue is foreign. These are average figures: in the case of at least one bank the proportion is about half. The main element is syndicated Euro-lending, an activity in which the Canadian banks have been to the fore.

At times there has been criticism of some of the banks for being tempted into the growing business of lending abroad, even though the risks inevitably have been higher than at home. So when the Shah fell, the analysts began trying to ferret out what the exposure of the Canadian banks might be in Iran.

The figures are collected, but are kept confidential within the banking industry and the regulatory authority. There is reason to suppose, however, that the estimate produced by Mr. Kersi Doodah, analyst for R. A. Daly in Toronto, is not wide of the mark. He estimated the total exposure of Canadian banks in Iran at C$380m, of which a substantial proportion must be covered by export credit guarantees. Measured against the total assets of the charter bank system of C$189bn that does not appear especially grave.

In all, the Canadian banks' lending in the Euromarkets totalled C$28.2bn at the end of 1977-78, having grown in a year by 29.5 per cent, even after deducting that part of the increase which was merely a result of the falling exchange rate. Spreads were under pressure at one time, but the hope is now held out of an improvement this year.

In any case the chartered banks clearly have not lost their appetite for this business. Royal Bank, largest of the chartered banks, is going ahead with a merchant bank affiliate in London; the Canadian Imperial Bank of Commerce has set up an investment bank there in partnership with Hambros; others are likely to follow. Even the smaller chartered banks—such as the Bank Canadian National, and the Provincial Bank, which still show the evidence of their origins as regional banks in Quebec—are increasingly involved in the international game. Bank Canadian National is already in London: Provincial Bank will soon open an office there.

Mr. Germain Perrault, president of Bank Canadian National, whose business is heavily concentrated in Quebec, looks forward to a time when one-third will be abroad, one-third in Quebec, and one-third in the rest of Canada. In the case of the Provincial Bank, foreign income already contributes 31 per cent to the after-tax balance of revenue.

Historically speaking, the foreign business of Canadian banks goes back to the 19th century when they established branch networks in the then British-ruled West Indian islands and also along the west coast of the U.S. Those networks have largely fallen victims to history and also to changes in the financial world. On the whole the chartered banks are displaying a fading interest in doing retail business abroad, even where regulatory authorities allow it. Several branches in London have been closed in recent years. Instead the trend has been into the centres of wholesale banking.

One important exception has, however, occurred in the past few months. The Bank of Montreal proposes to buy 89 of Bankers Trust's 104 retail branches in New York with total assets in the region of US$1bn. The sale has not yet been finally agreed and in any case is subject to approval by the New York State regulatory authorities.

Mr. William Mulholland, President of the Bank of Montreal, has said that the purchase would give added stability to his bank's funding in U.S. currency. Another reason may be that the Bank of Montreal, having grown up in the Canado-British environment of multi-branch banking, feels that it can make a success of the New York operation. It also may have computer capacity to spare, which could be well employed servicing the branches it wants to purchase from Bankers Trust.

A rather less startling takeover has been carried out, albeit provisionally so far, by Mr. Michel Belanger, President of the Provincial Bank. Like Mr. Perrault of Bank Canadian National, Mr. Belanger is breaking out of Quebec and has indeed already gone farther than his competitor. He acquired 18 branches in Ontario in 1977, when he took over Unity Bank, a luckless new foundation, and now has merged with Laurentide, a finance company previously owned by Power Corporation.

The merger so far is provisional. If banking legislation at present before the Canadian Parliament should unexpectedly be changed, the Provincial Bank might yet have to divest itself of Laurentide, which has assets of C$450m.

Laurentide does a lot of business in Quebec but is also strongly represented in the Canadian West—that area of the country which may have the greatest potential for economic expansion. The Provincial Bank is weak there. But though a bank such as Provincial cannot merely take over the branches of a finance company and start business, the personnel and local knowledge acquired with Laurentide should make the task easier. Mr. Belanger reckons that a new branch opened in a centre where the opposition is strong will need 4½-5 years to become profitable; built on the base provided by Laurentide it should do so a good deal more speedily.

Provincial Bank's concentration in Quebec, and that of Bank Canadian National, puts them into a special position. The bigger chartered banks have greatly slowed the speed with which they are opening new branches. The number of about 7,000 is growing only slowly, and there is a case for arguing that the country may be over-banked. The urgency of the drive into the Euromarkets to some extent bears out the charge. But their overall profitability leaves little doubt as to the efficiency of the chartered banks.

W. L. Luetkens

Stock boom continues

THE STRONG bull market in 1978 that saw the Toronto Stock Exchange record the second-best yearly rise in prices in a decade has continued into 1979, with prices reaching the highest level on record in late February. Market volume has kept up with the dollar volume of trading in Toronto, which sets the pace in Canada, and was nearly twice as great in January and February as a year before. About 80 per cent of the dollar value of share trading on the five exchanges in Canada takes place in Toronto; Montreal accounts for about one-seventh of trading, with Vancouver, Alberta and Winnipeg Exchanges sharing the remainder.

The rekindled interest in stocks dates back to the autumn of 1977 when new oil discoveries were made in the West Pembina field in Alberta. Oil and gas stocks have remained a steady factor in the price gains. Interest in Beaufort Sea discoveries, the Elmworth gas play in northern Alberta, and the gains for Canadian companies arising from the supply shortages caused by the difficulties in Iran have continued to focus attention on the group.

In addition, trading has been prompted by rising corporate profits as wage and price control come off, recognition that the assets of many companies are undervalued, and the impact of incentives given investors by the federal Government in the last two years. At times, takeover fever has spread and has put cash ready for reinvestment in many shareholders' hands.

A number of special factors have also been at play among the industry groups. Astonishingly high profits for property companies recently pushed that group's index to the largest one-week gain for a group since Toronto began calculating weekly index price changes in 1971.

High gold prices, even higher in Canadian dollar terms because of the decline of the Canadian exchange rate over the last two years, have boosted the gold index; first signs of recovery in metals markets nudged up the mining index; and soaring forest industry profits caused above average gains on shares of forestry industry concerns.

The question facing the market in 1979 is: When will exhaustion set in? The peak of Canadian share prices has habitually lagged behind New York's peak in the current cycle, and many expect that the Canadian markets will soon follow New York down. In a recent monthly comment, Greenshields of Montreal said: "We believe that an intermediate correction is near which could carry the Toronto 300 [index] down to a range of 1,200 to 1,250 later this year [from a peak of 1,400]. Such a decline would provide investors with outstanding stock values."

Analysis of what will happen centres on interest rates and, while it is expected that there is little room for increases from current levels, they are expected to stay high throughout most of 1979. The spread between yields for long-term Canada bonds and the Toronto 300 index has widened. The bond yield has risen to 9.9 per cent while the average stock yield is now only 4.3 per cent, a spread of 5.6 points. Greenshields cautions that danger signs have flown in the past whenever the spread has widened past 5 points. The last time such a spread existed, in 1974, share prices plunged.

Furthermore, the investor has to take into account the prospects for the Canadian economy as a whole. In 1978 resource industries received a boost in profits and performance from the drop in the value of the Canadian dollar. Their star showing is unlikely to be repeated in 1979 as the dollar, while still weak, is unlikely to plunge much further and export markets soften as the U.S. economy slides off. And while profits in general might still be expected to get some lift as Canada moves further away from controls, high interest rates are pushing up costs, and hampering corporate investment.

Moreover, the Canadian investors who keep their dollars in the stock market in 1979 may be gambling on the outcome of the federal election that Prime Minister M. Pierre Trudeau must call this spring or summer as his five-year term of office runs out. The leader of the opposition, Mr. Joe Clark, has promised that his Conservative Party will remove capital gains taxes on profits from trading in the shares of Canadian-controlled companies if he is voted into office. The election is rated a toss-up and share prices would be boosted immediately by a Conservative victory.

Jim Rusk

CANADIAN BANKING AND FINANCE III

Foreign bankers face a dilemma

REIGN BANKERS established in Canada face a dilemma new regulatory legislation ves towards the statute book h excruciating slowness. Are y to apply for charters enabling them to describe their rations as banks once the laws permit them to do so? are they to carry on their iness without the benefit of magic words "bank" or nking," as present law mits?

s the law stands, foreign king subsidiaries are not mitted in Canada, nor are nches or agencies of foreign ks. The most that the law allow is representative es or shareholdings of up to per cent in a Canadian bank. there is a loophole. Since the nity of banking is not defined, rge number of foreign banks been operating in Canada investment companies finance panies or under some other e. Some are incorporated er federal law, others under laws of Canadian provinces.

r. Michael Harrison, executive director of the Canadian kers Association, estimates by one means or another ign financial institutions own quaintly as quasi-banks, -banks, or NBFIs, meaning -bank financial institutions) a share of 12 per cent in l commercial lending in ada.

complete

he Bank of Canada has collected statistics showing that the assets of foreign bank ates reporting to it voluntarily have grown from C$1.6bn he end of 1974 to more than on now. But the figures are incomplete and show no more the prevailing trend. One on for their patchiness is phenomenon of the so-called case bankers who do business with Canadian clients from tel room without anything nisable as a registered of any kind within Canada. proximity of the U.S. nusly makes that an easy edure.

erwhelmingly the business ie near-banks and suitcase ers is wholesale banking. who are established in normally fund themselves on the commercial paper et, where rates tend to be Nevertheless, there is n to suppose that the pressure of the near-bankers from nd has caused the spreads e Canadian chartered banks narrow over the years. One ie reasons is that the near-s, unlike the chartered s, do not have to entertain interest bearing monetary rves with the Bank of ada. But competitive pressures have also played their

1976, one year before the nnial Canadian Bank Act to have expired, the adian Government, in a te Paper, proposed a radical rture which would have ved the foreign near-bankers apply for bank charters.

From the beginning the proposal suffered from partly conflicting aims. In part it was intended to protect the Canadian banks; in part is was intended to stimulate competition.

It is a recurrent motif in Canadian economic history that nationalism and the desire for more openness and competition do clash. The case of the foreign banks is no exception, for understandable reasons. Since some two-thirds of Canadian industry is controlled from abroad, mainly the U.S., there are fears that in a free-for-all U.S. banks could move in and scoop up the business of the companies with whose parents they deal at home. On the other side of the argument not only the pro-competitive aspect of the new proposal has to be considered. So important is the role of international business for the Canadian banks themselves that most of them cannot afford to lobby against the foreign bank presence—even if they wished to do so.

In its White Paper of 1976 and in the draft Bank Act which it tabled in 1978, the Canadian Government tried to thread its way between the various objections and obstacles. In summary it proposed that foreign banks affiliates should be allowed to become Canadian chartered banks (making them subject, for instance, to the Canadian regulatory authorities and to the need to keep monetary reserves). But a number of conditions were imposed.

The chief of these were as follows: no foreign-owned bank to have more than five branches; its total assets to be limited to 20 times the capital authorised by the regulatory authorities, with a maximum asset figure of C$500m suggested but not actually in the draft; and a ceiling on the aggregate assets of all the foreign banks equivalent to 15 per cent of aggregate commercial lending in Canada.

These proposed rules are almost certainly more restrictive than the present state of affairs. Moreover some foreign-owned institutions have already exceeded the limits. U.S.-owned Citicorp, which works in the leasing field, claims to have approaching C$1bn; a finance company owned by Bank of America already has 32 branches.

Further complications would arise from a proviso that a foreign bank establishing an affiliate in Canada would not be permitted to own more than 10 per cent in a non-financial Canadian corporation. The difficulties this can cause are obvious in the case of the so-called universal banks of continental Europe, or the Japanese banks. But others also have to watch out: the Midland Bank, for instance, has an NBFI in Toronto. But it also owns the Canadian end of Thomas Cook, the travel agent.

The draft legislation offers no easy option for those who would rather duck these restrictions by not applying for a charter, for it says that a foreign near-bank shall not be allowed to borrow in Canada with the guarantee of its parent: to invoke that guarantee it will have to become a bank. The provision is reinforced by thin capitalisation rules which prevent an NBFI borrowing more than three times the amount of its equity from its foreign parent.

How big is this stick, which is intended to drive the foreign bankers into the corral of the new Canadian Bank Act? The loss of the parental guarantee should not be too serious for a well-established near-bank with adequate capitalisation and a parent company with a name to lose. In any case, the Canadian Government can hardly prevent a foreign bank from unilaterally guaranteeing the liabilities of its Canadian affiliate. Nevertheless, foreign near-bankers in Canada take the view that in a tight market the parental guarantee could make the difference for them between having spreads enabling them to show a profit and spreads that may not.

Unwillingness

On top of that there is the banker's usual unwillingness to cross the authorities in the country where he has to operate. It is simply a matter of prudence, and the pressures will be strong to apply for a charter once the new Bank Act is passed.

Before that happens Parliament may wish to change the Bill tabled by the Government. Committees of both houses have been holding hearings on the subject, and clause by clause hearings are yet to come. An election may disrupt things, although the general feeling is that the work done so far will not be entirely upset, even if there should be a change of government.

The Senate committee has shown a disposition to "grandfather" in existing situations, such as that of the institutions which exceed the limits at present proposed for size or that of the foreign banks with interests in Canada besides their purely financial affiliates.

In the Commons Committee there is a similar drift, though it appears to be less pronounced. The five branch limit is almost certainly dead—there even is a tendency to encourage foreign banks, once they exist, to go to some of the less prosperous Canadian areas, such as the Atlantic Provinces.

The $500m limit on total assets of any one foreign bank will probably be indexed in some fashion, and it is plain that the intention to limit the foreigners to 15 per cent of total commercial lending will have to be reworked. It is full of illogicalities and would prove to be an administrative nightmare. As at present drafted, and given the present size of the market, it would limit the foreign-owned banks assets to some C$8bn, compared with the Canadian banks' total assets in Canadian currency of about $120bn.

Instead there is a disposition in the Commons Committee to keep control by making foreign-owned banks apply periodically for a renewal of their licences. That would place great discretion in the hands of the regulatory authorities, and much would therefore depend on how serious Ottawa's belief will be in the virtues of competition.

It has to be emphasised again at this point that the final shape of the Act is not yet known. It has yet to be taken in detail in both Houses, the Government has yet to consider their wishes —and there may be an election before the Act passes.

When it does, Barclays Canada, an affiliate of Barclays International, the British group, intends to be the first to queue up for a charter, according to Mr. Mostyn Lloyd, the president. The company reported assets of C$238m on September 30 and takes some pride in pointing out that, unlike the stereotype view of the foreign banker, it does not "cream off" big business. On July 31 last, 53 per cent of its loans were for less than C$1m.

Besides Barclays, some 60 other foreign banks, 45 of them from the U.S., would open up immediately the new Act came into force, according to testimony before the Senate Committee given by Mr. Richard M. Thomson, president of the Toronto-Dominion Bank.

The Toronto-Dominion has been a good deal more critical of the proposal to allow foreign-owned banks in Canada, fearing above all that the Americans will collar the business of American-owned Canadian corporations. Mr. Thomson told the committee that the entire strategy in banking was "to go when you have the opportunity to do so — and then to lobby to liberalise the regulations." A lot of foreign near-bankers might approve of those tactics. So might competition-conscious Canadian economists. But only the future will show what the regulatory climate really will be like.

W.L.L.

Insurance hit by price war

PERTY AND casualty insurance companies think the severe e competition in Canada ch flattened premium income profit margins in 1978 will tinue into this year, bringing ssure for premium increases ecially for automobile and sonal property insurance. y are forecasting flat growth premium income in 1979, ilar to the 4 per cent rise ected for 1978, but well ow the 13.5 per cent increase 1977 when net written premiums reached $5.8bn.

n contrast, Canada's major insurance companies expect continued strong sales performance in 1979 in the wake a 14 per cent increase to .3bn this year, which was gely caused by a sharp surge group insurance sales. The nadian Life Insurance Association, representing about 130 insurers, says that estimated ults for 1978 show a hefty rease of industry assets, a ft to greater investment in vernment bonds and Treasury ls.

Among property-casualty ns, profit margins weakened 1978, generally reflecting the wdown of premium income wth which resulted from zor-sharp price competition, trictions imposed by the leral Anti-Inflation Board d the Quebec Government's keover of some automobile insurance coverages last March.

the same time, sluggish onomic activity in Canada has duced the opportunities for surance industry growth that uld result from a pickup of using and construction ojects and corporate investment and development. Mr. Daniel Damov, President of Travelers Insurance of Toronto, says that there will not be any sustained uptrend in the key economic factors.

For the first nine months of 1978, Statistics Canada reported that industry profits, after tax and extraordinary items, declined to C$356m from C$412.5m in the corresponding period of 1977. Underwriting profit was down to $106m from $210m, while investment income, reflecting higher interest rates, rose to $411m from $343m. Net written premium income dropped to $3.45bn from $3.62bn, largely as a result of the competitive pressures that have artificially reduced premium price levels. Net earned premiums were up slightly to $3.37bn from $3.33bn. Net claims incurred were up to $2.08bn from $1.99bn and the loss ratio increased to 61.8 from 59.8 per cent.

However, profit comparisons are distorted by the effect of the Anti-Inflation Board rulings on excess revenue earned in 1977. In accounting for these dispersals, some companies showed reduced earned premiums because they had to make premium refunds. Others lowered premiums, while still others treated the returns as expense items.

In the search for new business to ease competitive pressures and offset the loss to a provincial insurance of bodily injury coverages in Quebec, industry officials have trekked to Manitoba and British Columbia following the election of what are basically free-enterprise governments in an effort to gain re-entry to compete with the provinces' auto insurance plans. While about a dozen companies are now active in British Columbia, Manitoba has been less responsive to these overtures.

In the life insurance sector, Mr. Marcellin Tremblay, CLIA Chairman and President of Les prevoyants du Canada, says the industry's expected growth may indicate a better performance in the Canadian economy than has been forecast by some economists. While mortgage holdings in 1978 fell off to a $950m increase from one of nearly $1bn the previous year, Mr. Tremblay said that "very significant" forward commitments in mortgage lending of more than $1.3bn "should augur well for the Canadian economy throughout 1979 and 1980." For all life insurance companies, investments in Canada reached a total of $33.5bn by the end of 1978, an increase of 12 per cent over the 1977 year-end total. However, shifts in buyers' attitudes have brought about dramatic changes in the life insurance marketing scene, according to Mr. J. V Masterman, Executive Vice-President of Mutual Life Assurance of Canada. "The public seems to be more attracted to plans designed primarily to provide substantial protection, either for the whole of life or for a certain defined period of time. Plans that combine savings and insurance in one rigid package have fallen in popularity, and people have become more price conscious than ever before," he said.

Lawrence Welsh

The men behind the story

Frazee of Royal

ROWLAND FRAZEE, 57, a second-generation banker, took over in January as chief executive officer of Canada's largest chartered bank, The Royal Bank of Canada, with $42bn assets. He had been appointed *president in July 1977.* The bank has 1,500 branches across Canada, branches, agencies and representative offices around the world and more than 35,000 employees.

Mr. Frazee, although he is well known for his friendly "family doctor" manner in public, is direct and incisive in action. He follows Canada's best-known banker, Mr. Earle McLaughlin, 63, as the Royal's *chief executive.* Mr. McLaughlin, who led the Royal for 18 years, continues as chairman until his retirement in 1980.

Son of a Royal Bank branch manager, Mr. Frazee joined the bank in 1939 in New Brunswick, served in the Canadian Army during World War II, returning afterwards to Dalhousie University, Halifax. On graduation he rejoined the bank, working his way up with postings across Canada, until he became executive vice-president and chief general manager in Montreal in 1973.

He is capable of being as blunt and outspoken as Mr. McLaughlin has been on issues which he feels are important and should be dealt with urgently. The Royal has taken strong public positions on such issues as the size of the public sector, the role of foreign investment, energy, Canadian dollar policy and the problems of regionalism.

"Our corporate head office remains in Montreal for the foreseeable future," he says. Quebec's future in Confederation, the province's restrictive language law and high levels of personal taxation are urgent problems which will require all Mr. Frazee's tact and determination in the next few years.

The bank has to live with the fact that its Ontario division is its most important domestically, while its regional base in Calgary is the fastest growing. The Royal was one of the first to adapt its organisation to the growth of western Canada.

Size in relation to efficiency, growing domestic competition, the advance of electronic transfer systems, the challenge of foreign business and a continuing uncertain political climate in Canada will require strong leadership.

Mr. Frazee, a seasoned world traveller, expects foreign operations to grow further, and the U.S. "is a prime target." The bank has had branch operations there for many years, but it is the wholesale banking field which interests it most. "There *is still plenty of room for the* bank to grow," he says.

Robert Gibbens

Mulholland of B o M

ONCE COMMITTED, William D. Mulholland, president and chief executive of the Bank of Montreal, does not give up easily. *He is pushing through* a legal maze of regulation to complete acquisition of 89 retail banking branches in New York from Bankers Trust Company. They have assets of around $1bn.

Mr. Mulholland, aged 52, got the chance to compete in the difficult New York retail market when the branches were offered him last summer through an intermediary. The Bank of Montreal already had a sizeable commercial banking business, going back to before World War II. "It gives us a base to compete with our brothers more effectively when they move up here," he says.

The Bank of Montreal is Canada's third largest chartered bank and also the oldest. Assets are now almost $34bn. There are over 1,200 branches in Canada and more than 26,000 employees. The bank operates in London and Europe and is spreading out through all the main world financial centres.

Mr. Mulholland already was a director in 1974 while he was president of Brinco, the Rio Tinto Zinc affiliate which built the $1bn Churchill Falls hydro-electric project in Labrador. Mr. Mulholland was completing the turnover of the power assets to the Newfoundland Government after a surprise nationalisation.

Bank of Montreal had been lagging in growth and earnings for some years, and its radical shift into electronic systems had cost a great deal more than had been expected. The Board was looking for new blood, and invited Mr. Mulholland, an American, to be president.

"The Bank of Montreal was the last place I had expected to be," says Mr. Mulholland. The bank was restructured, senior personnel brought in and a switch made to aggressive funds management and marketing. Performance has been turned around and the bank is outpacing the industry average. Mr. Mulholland has moved strongly into the management of international loans. The regional structure has been strengthened in Canada, new systems of corporate lending established and decentralised management extended.

Mr. Mulholland returned from the U.S. Army planning to become a doctor, but instead he ended up at the Harvard Business School. He later joined Morgan Stanley and as an expert on electric power financing took on the task of helping to finance the Churchill project. It took him 15 years to see that through. When several top Brinco executives were killed in an air crash in November, 1969, he took over as president and completed the job.

R.G.

Galt of Sun Life

THE SUN Life Assurance of Canada, with assets of C$5.5bn and major operations in the U.S., *the UK and several other* countries, is Canada's largest life insurance company. Usually it prefers to keep out of the headlines, and the public is not familiar with its officers.

However, the New Year's holiday of 1978 had hardly passed when a bolt came out of the blue: Sun Life had decided to move its head office function from Montreal to Toronto.

The *management* of the mutualised company, whose huge stone headquarters on Dorchester Street, in the centre of Montreal, had been a landmark since the Great Depression, took this decision because of the language law being passed by the Parti Quebecois Government in Quebec City and also because of the threat of new provincial legislation which, it seemed, might affect the company's freedom to invest.

A public debate ensued between the Quebec Finance Minister, M. Jacques Parizeau, and the President of the Sun Life at the time, Thomas M. Galt. The company stuck to its guns, despite pressure to delay its decision from Ottawa. Mr. Galt, an actuary by training, and a quiet-spoken but determined executive, carried the day at the Toronto annual meeting which finally approved the move.

He argued strongly that the worldwide business of the Sun Life could not be carried on from Montreal in the business environment being forced on the province by the Parti Quebecois Government.

He maintained publicly several times that the move of head office to Toronto, and the gradual move of staff over a *period of two years* or so, was not primarily political.

At this year's annual meeting in Toronto, Mr. Galt was chairman of the company, and held a Press conference afterwards. He admitted to some loss of business in Quebec and to a significant loss in sales force. But he insisted that Sun Life is still a force to be reckoned with in Quebec and that Canadian business overall was up 20 per cent last year.

Sun Life, he said, "has not abandoned Quebec and we have more agents in the province than some companies have in the whole of Canada." About 200 staff would be moving from Montreal to Toronto, but 1,400 would be remaining. Mr. Galt himself and the new president, Mr. George F. S. Clarke, will be *moving to Toronto this summer.*

"Mr. Parizeau and I have agreed to disagree on the question of whether Sun Life was under-invested in Quebec in relation to its business in the province. We have been over our figures with the provincial superintendent of insurance and had no great difference with him."

There can be little doubt that Sun Life's stand caused the Quebec Government to make concessions on the language of head office operations in Montreal. The Sun Life move was the final straw, and it has received more sympathy from the Francophone business community than has appeared in public.

R.G.

Belanger of Provincial

MICHEL BELANGER, a former Quebec government planner and stock-exchange president, faced two main challenges when he took over the president's chair at the Provincial Bank of Canada (La Banque Provinciale du Canada) just over two years ago.

The first was to convert the old-established Montreal-based bank, predominantly operating in Quebec, into a truly national institution in geographic terms; the second to broaden and modernise the range of services offered to corporate and individual customers and to raise efficiency.

The Provincial Bank has come a long way in the past 20 years. Just over a decade ago, the largest single block of shares and effective control was bought by the Caisse Desjardins credit union movement, primarily to obtain clearing facilities.

The bank has operated branches in other provinces where the French Canadian population is signficant, even as far west as Winnipeg. But Mr. Bélanger, now 49, felt much more had to be done. Two opportunities came quite swiftly. First was the acquisition of the small but troubled Unity Bank of Canada, which gave the bank some branches outside Quebec, primarily in Ontario.

Just before last Christmas, Provincial agreed to take over Laurentide Financial, a medium-sized sales finance and leasing company based in Vancouver, but with strong ties with the East, from Power Corporation of Canada.

Provincial Bank is buying assets, but perhaps more important, English-speaking staff in some of the fastest-growing areas of Canada.

In 1970, after working in Ottawa for the Treasury Board, Mr. Bélanger, trained as an economist, joined the staff of Mr. René Lévesque when he was hydraulic resources minister in the Quebec Government of Mr. Jean Lesage in 1961. He supervised the research which led to nationalisation of private power companies.

Twelve years later he was offered the presidency of the Montreal Stock Exchange. In this position he rapidly became a public figure.

Both federalists and separatists in the Quebec of today often try to claim him for their own. But Mr. Bélanger is proud of what has been achieved in Quebec since the "Quiet Revolution" of the 1960s and wears no chip on his shoulder about being a French Canadian and Quebecer.

He thinks Quebec is a vital part of the Canadian mosaic and should be left to run its own affairs according to its own needs. But he feels the province has been able to develop very effectively within the constitution as it is, and that the debate over Confederation is somewhat sterile.

R.G.

Brown of Canada Permanent

ERIC BROWN of Canada Permanent has spent most of this decade wrestling with the problem of how to prepare for the trust industry's uncertain future in the next decade. For five years before becoming President of the company in 1975 he headed an internal group considering its future. Recently he became chief executive officer as well as President, and the industry's strategic problem is still foremost in his mind.

In the early years the tough-minded son of a coal miner from Stoke-on-Trent was virtually a voice in the wilderness among the senior managements of Canada's trust companies. For years the industry had got by with traditional-style managements, and with business relationships cemented by the old boy network. Mr. Brown is not that kind of executive and the industry cannot afford them any more.

The long public debate of new banking legislation has made the trust companies' *dilemma a* commonplace on the financial pages now. Put very simply, Mr. Brown and his colleagues fear that Canada's powerful banks will be able to carve up the rival financial institutions before the Government gets around to enacting new legislation that would restore the competitive position of the trust and loan companies.

There is one loophole. The new banking law would at the same time make it easier for trust and loan companies to join 'em rather than fight 'em, to turn themselves into banks. This is the rationale behind Canada Permanent's discussions with the country's largest sales finance company, IAC, of an eventual marriage. This year IAC will open up its own banking operatioin. If Canada Permanent can get in on this already well-advanced conversion, Mr. Brown's worries about the future would be reduced.

H.A.

Trust companies under attack

THIS IS NOT the best time to be running a trust company or a finance company in Canada. Companies are being squeezed between the Government's high interest rate policy on the one hand and by the lack of loan demand from the private sector on the other.

In the not so distant future there is the prospect of a steady decline of new housing starts. That does not bode well for trust companies which lend mortgage money, and finance companies *which often lend the* money to buy the furniture.

Canada's big trust companies are essentially retail savings banks. Their principal business is to provide money for house mortgages, mostly for five-year terms but to an increasing extent in one, two, three or four-year deals.

They raise their money through the sale of investment certificates of varying maturities up to five years, through personal savings deposits and to a lesser extent in the money markets.

This arrangement means that the companies' earnings suffer whenever interest rates move up, to a greater or lesser degree depending on the individual company's mix of business. That is so even during normal upswings of rates because the *cost of money rises faster than* the companies can raise their returns on mortgages.

What is worse, however, is that the present interest rate cycle is not normal. The principal impetus to the upward movement has been official Government policy, adopted to help defend the sagging Canadian dollar. As a result, while administered interest rates of various kinds have climbed very *sharply, many market interest* rates have lagged behind.

For example, between January, 1978 and January, 1979, the trend-setting Bank of Canada rate jumped 3.75 per cent, an increase matched by the rates paid by the trust companies on their savings accounts. Over the same period, the companies found themselves paying 3 per cent more to raise money for 90 days and 1 per cent more to get *five-year money.*

At the same time, the interest paid by their customers on mortgage loans climbed by only about 0.75 per cent. This squeeze has cut the average net interest spread earned by the major trust and loan companies to below 2 per cent and it is expected to narrow a little further this year.

The consensus forecast for North American interest rates is that the peak is yet to come but is not too far off, probably at around mid-year. If this *proves to be right,* the trust and loan companies will find some respite late in the year. There are some pessimists, however, who believe that interest rates will keep on moving up.

The effect on a number of companies could be dramatic. Mr. Mervyn Lahn, president of Canada Trustco, told his shareholders at the company's annual meeting to expect a 30 per cent drop in earnings per share if interest rates remained at their present levels for the rest of the year. One more upward move followed by a decline in the second half would translate into a profit decline ranging between 20 and 25 cents.

Canada Trustco is among the more *interest-sensitive* companies and others would not be affected quite so much. Many analysts believe that the industry's profits, overall, will be down about 10 per cent on the year, with a 20 per cent drop in the first half, partially offset by some recovery in the second half.

Besides the extremely severe interest rate cycle, the companies have to cope with the longer term secular trend of declining housing starts. There were about 227,000 in 1978. Forecasts for this year range between 210,000 and 220,000, but there is no argument that the trend is downward.

All the big financial institutions are clamouring for more mortgage product because of the *dearth of new private sector* bond issues and the Government's encouragement to Canadian borrowers to go to foreign markets.

The trust companies and the affiliated mortgage loan companies are still the largest factor in the mortgage scene, but they are not getting their traditional share of the new business. The latest figures show that their mortgage holdings accounted for 32.6 per cent of the total held by private institutional lenders at the end of 1974. This is not as year, down from 34.8 per cent at the end of 1974. This is not as bad a picture as for the life insurance companies, which were down to about 16 per cent from 22 per cent, but it is hurting. Substantial gains were made over the period by the banks, the credit unions and the pension funds.

As always when an industry is under pressure, merger fever is rife. One of the most intriguing moves can only be carried out after the banking legislation revisions go through, but talks are already under way. This is a possible amalgamation of Canada Permanent with the big sales finance company, IAC, and with IAC's newly fledged banking subsidiary, Continental Bank of Canada.

IAC itself is breaking new ground with its conversion into a bank. Bringing Canada Permanent in as a partner would make the process incredibly complex. But the financial operation that could emerge would be an extremely powerful competitor for the existing banks. It is one way out of the trust companies' dilemma.

Hugh Anderson

Credit unions advance

A NEW professionalism is evident in the operations of the Canadian Co-operative Credit Society, the central organisation for most of Canada's credit unions. It is a professionalism befitting an organisation that hopes to make its entry into international money markets *towards the end of this year.*

The new outlook reflects in part the management style of George May, the society's chief executive officer since late 1977. But the credit union movement's desire, or rather need, for the increased professionalism predated his appointment. A liquidity crisis that some credit unions experienced in 1973 and 1974 and the rapid growth of the assets of the *movement made that need quite* evident.

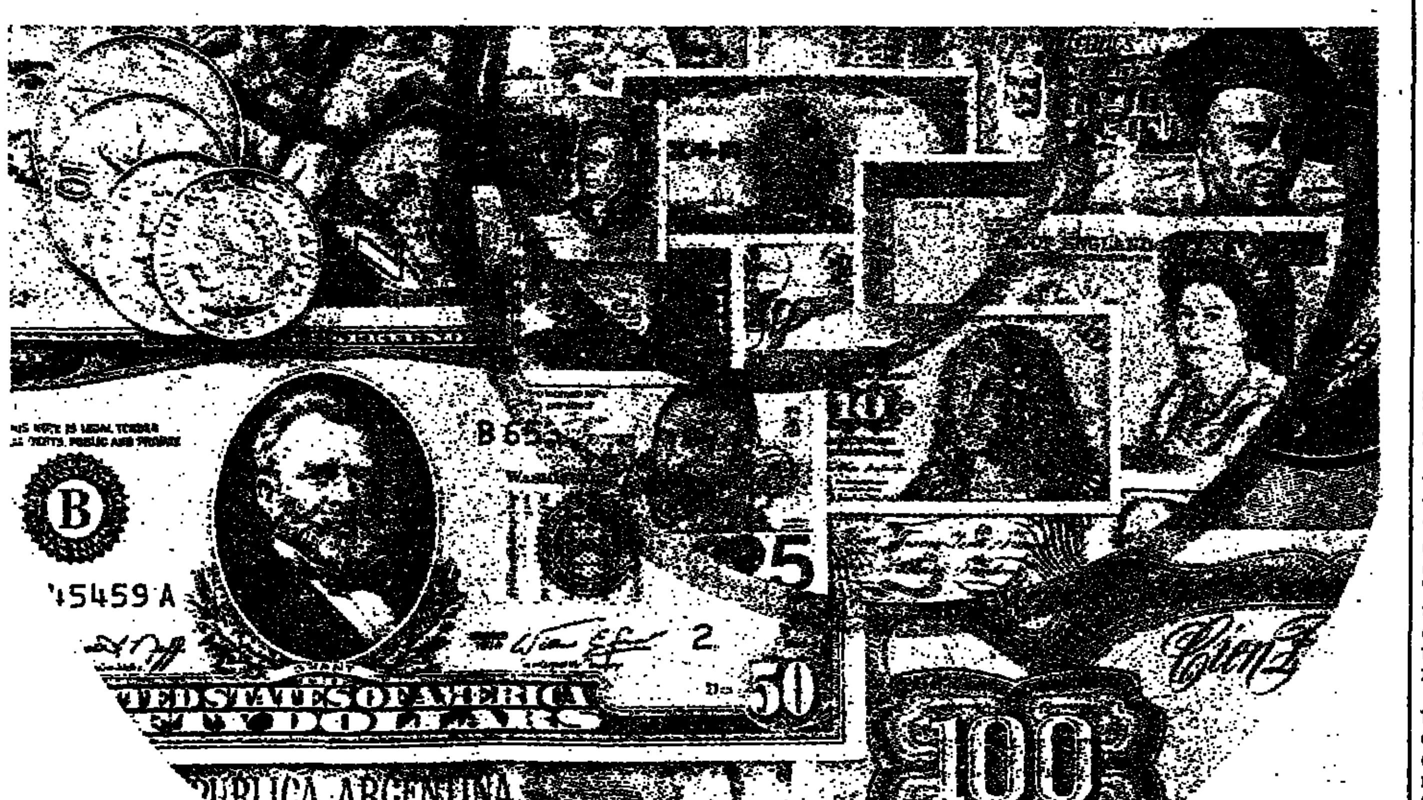
At the end of 1978, assets of Canadian credit unions and Caisses populaires were close to C$22bn and loans stood at approximately $16bn, it is estimated. In 1974, the comparable figures were $8.5bn and $5.3bn. In 1977 alone, assets increased by 24 per cent and loans 29 per cent. Of the $22bn total in assets, credit unions associated *with the Co-operative Credit* Society accounted for about 54 per cent.

In 1974, the society had yet to be expanded into a facility whose role is to improve liquidity in the credit union system, improve the yield on system funds and bring funds in from outside the movement to *help the movement's growth.*

So far, the society has raised about $180m in Canadian money markets. And by the end of the year, that figure is expected to have risen to about $300m. Also, there are plans to raise up to $50m in medium term Euro-currency funds. That will go ahead providing the Canadian dollar's exchange value improves and there is some respite from the current high domestic interest rates. Also, towards the end of the year or early in 1980, the society may seek some short-term funds from U.S. markets.

In addition, the society has arranged a $50m credit line with a Canadian bank. And it will be looking for credit lines of probably about $20m to $30m from foreign banks, probably European co-operative banks and a U.S. bank.

Angela Barnes



Legal action likely over pig disease

By Our Commodities Staff

HUMBERSIDE COUNTY Council is likely to undertake several prosecutions in the wake of the outbreak of swine vesicular disease which has cost the lives of almost 30,000 pigs in South Humberside in recent weeks.

Local officials confirmed that action was planned although they still had two or three weeks' investigation to complete. "It will probably be two or three months yet before cases start appearing in court," one official said.

"The indications are we have got on top of it now," he added. "But I will be a lot happier if we can get through the next 10 days or so without any more outbreaks.

"It did a lot of damage in North Humberside and we are very fortunate it did not get up into the main pig production area a little to the north," he said.

The Ministry of Agriculture said prosecutions would probably be made under the Movement and Sale of Pigs Order, 1975.

Decline in tree planting 'alarming'

By Our Commodities Staff

A DEFINITIVE policy and a change in the climate of political and public opinion are necessary if the British forestry industry is to realise its full potential, Lord Taylor of Gryfe, chairman of the Economic Forestry Group, warned yesterday.

"The present decline in tree planting in Britain has reached alarming proportions," he said at the group's annual lunch in London.

In 1972 the state and private companies planted about 40,000 hectares with trees. By last year the total had fallen to 20,000 hectares and while in 1972 the plantings were shared almost equally between state and private interests, in 1978 the area planted by private investors was only 6,000 hectares.

"We are now falling short of the Government targets set in 1972 which many regarded as too low," Lord Taylor added.

Much delay in clearances of land for forestry had contributed to the decline, he said, and to take suggestions that there should be yet another review body appointed to examine plans would result in greater frustration.

Cheaper bacon forecast as Danes cut list price

BY CHRISTOPHER PARKES

THE DANES have cut their official list price for bacon by £50 to £1,090 a tonne, reducing it to the same level as in July last year.

They suggest that the price of rashers could fall next week by up to 4p a pound. British and Northern Ireland list prices have also been cut by £30 to £1,035 a tonne.

At the same time the Irish Pigs and Bacon Commission has stopped quoting "official" prices and adopted what officials call a "more realistic" policy of negotiating a weekly price with agents.

Discounting is rife in the bacon market and the price-cutters have been particularly active recently during a period of sluggish sales. Only the Danes claim to adhere strictly to the "official" prices fixed weekly in Copenhagen.

Trade sources estimated that last week discounts of £100-£150 a tonne were being allowed.

"We decided we wanted to be more realistic after being consistently accused of discounting when all we were trying to do was market our bacon," the Irish Board said.

The bacon market has been in a state of subdued turmoil for some weeks. Danish imports have been severely disrupted by industrial action at the docks while the Dutch have been busy carving out an increased slice of the market.

The docks disputes are expected to be settled this week, according to the Danish importers, and the price reduction has been made to allow for the resumption of normal supplies.

Since the market is fairly strong for bacon joints, prices of cuts are not expected to change and most of the list-price reduction will probably be passed into the market for rashers.

Meanwhile, Dutch shippers are well on the way to achieving their sales target in Britain this year.

Last November Mr. M. Appels, chairman of the Dutch Bacon Curers' Association said he wanted a 10 per cent share of the market, and now, with imports running at 900 to 1,000 tonnes a week, this looks like being reached.

Exporters in Holland are clearly cutting a unique and valuable niche for themselves in the British bacon trade. They ship only "middles" from which rashers are sliced and do not have to concern themselves as others do with selling joints like hocks and gammons.

The competition is having a serious impact on the British industry. The Bacon and Meat Manufacturers' Association expects the home curers' share of the market to fall from 44 per cent in 1977 to only 40 per cent this year.

Sharp fall in lead market

BY JOHN EDWARDS, COMMODITIES EDITOR

RUMOURS OF U.S. lead shipments coming to Europe triggered off a sharp fall in lead prices on the London Metal Exchange yesterday. Cash lead closed £49 lower at £566 a tonne —nearly £40 below the all-time peak reached earlier in the week.

Traders pointed out that the market was extremely nervous at the high levels reached following the surge in prices last week. It therefore needed only a slight reaction to unleash a rush of speculative profit-taking sales.

The decline was accelerated by stop-loss points being uncovered on the way down.

Rumours of possible U.S. lead supplies coming to Europe have been circulating the market for some time now. Even with the latest increases in U.S. domestic lead prices, they have remained at a substantial discount to the Metal Exchange values.

It is unlikely, however, that a significant quality of lead is available from the U.S. where supplies are also scarce. Traders, therefore believe that the market could well bounce up again to higher levels after the present "shakeout" is concluded.

Latest figures issued by the International Lead and Zinc Study Group estimate that non-Communist world production of lead in January this year fell to 304,000 tonnes compared with 324,000 tonnes in January 1978.

Zinc metal production, according to the Study Group, rose significantly in January to 398,000 tonnes compared with 371,000 tonnes a year ago.

Zinc values held firm on the Metal Exchange yesterday reflecting rumours of a possible European producer price increase. Copper prices, however, were depressed by the fall in lead and closed lower.

EEC mining policy urged

BY GILES MERRITT IN BRUSSELS

THE NINE EEC member Governments have been accused of forming a "coalition of silence" to avoid formulating a Community policy on the sensitive question of minerals exploration and development.

M. Claude Cheysson, the EEC Development Commissioner, yesterday described as "catastrophic" the Community's refusal to reverse the rapid decline in mining investment in the third world, while being 75 per cent dependent on imports of industrial raw materials.

The EEC Council of Ministers has stalled on a scheme for formal Community agreements with producer countries with guarantees for investors against non-commercial risk, that was first proposed by the Commission in January, 1978.

In a bid to focus attention on the EEC's increasingly vulnerable position on mineral needs, the Commission is planning to reintroduce its scheme at the March 22 Council of Ministers meeting at Freeport, in the Bahamas, which precedes negotiations there with representatives of the 50-plus ACP (African, Caribbean and Pacific) developing countries on renewal of the Lome Convention.

M. Cheysson has suggested that the European Investment Bank could play an active role in financing a Community minerals programme.

He has also indicated that public and private investment by the Nine in ACP countries' mining projects should in future total $1bn a year, against the 1977 level of only $120m in all the developing countries.

Italy blocks potato levy concessions

By Our Commodities Staff

ITALIAN objections are preventing a reduction in EEC import charges on new potatoes shipped to Britain from Cyprus.

Consumer prices will inevitably rise and supplies could be "seriously disturbed," according to the National Federation of Fruit and Potato Trades.

Shipments from the Canaries are lower than normal, Egyptian new potatoes are dearer than usual and recent bad weather is holding up supplies from Pembroke and Jersey.

The Minister of Agriculture will try again at a meeting of the Nine later this month to persuade the Italians to waive their objections to preferential treatment for Cyprus.

Meanwhile Cypriot exporters have already begun shipping potatoes to the UK. The special concessions in question include a reduction in the Common Customs Tariff from 21 per cent to less than 9 per cent in the peak shipments period between mid-March and the end of June.

EEC mission to probe Thai tapioca sales

BANGKOK—A fact-finding mission from the European Economic Community will visit Thailand from March 19 to 22 to discuss tapioca problems with Government officials and traders.

The five-member mission, which will be led by Finn Gundelach, EEC commissioner for agriculture, follows a French proposal to the Commission that the EEC should reduce tapioca product imports from Thailand.

Malaysian tin production up

MALAYSIA'S TIN production last year rose by 6.7 per cent to 61,662 tonnes taking advantage of strong world prices, the statistics department reported here. This reverses the six-year decline in the country's tin output.

At the same time, tin imports for smelting rose by 42 per cent to 8,379 tonnes.

Total exports were 69,078 tonnes, 5.5 per cent or 3,612 tonnes more than in 1977.

FRENCH FARMING

Paris tour de force

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

LAST WEEK'S Paris Agricultural Show—Salon International de la Machine Agricole—seemed to me bigger and more interesting than ever.

It is without doubt the best farm machinery exhibition in Europe, and possibly the world. Everything which could be needed for food production, from a garden hoe to a 300 hp tractor, is there. Every ancillary industry and trade is represented, even the huissiers which my dictionary translates as bailiffs, have a stand.

When I waxed a little flippant about this, the official told me that debts had to be collected from farmers who were not always good payers.

It's worth noting that for the first time the British Agricultural Export Council's new stand equalled or even surpassed those of its competitors. The regional displays in the Food Hall were quite outstanding, the Highland and Island Development Board's Scottish steak and lamb platters were highly sought after, not least by British visitors.

Although as in many British shows the livestock are being gradually squeezed out to make room for the trade stands, I don't think I have ever seen a better lot of Charolais cattle and the French Friesians made those on the Dutch stand look really quite ordinary.

To judge by the fuss they were making some French farmers are in despair. The Minister of Agriculture was mobbed and shouted at on the Sunday, and demonstrations were staged outside the Dutch and German stands.

There were posters and handbills everywhere, talking of the "treason" of the monetary compensatory payments, which allow foreign pigmeat in and put French farmers out of business.

At the same time "commandos" of French farmers had been stopping lorry loads of pigs and pork coming into the country, turning the pigs loose and destroying carcases.

This action was only stopped when Belgian farmers threatened to force the lorries through. The pigmeat subsidy of about 5 per cent is likely to be removed shortly.

Had French farmers been faced with the subsidy of 25 per cent or so that British farmers have had to live with, their rage and actions would have known no bounds.

In fact the French pig industry is inherently vulnerable to Dutch and Belgian competition. More than half the pigs are produced in Brittany, some 300-400 miles from Paris and further still from the big industrial centres.

But Breton farming is mainly livestock based on grass, and horticulture. So to feed the pigs grain has to be moved from north or central France to Brittany. Practically no tapioca or other cereal replacer is available, as it is to their competitors.

In a logical world the pigs would be kept, as in the U.S., where the grain is grown. But the main grain growing areas of France are notable for an almost complete absence of livestock. Until after the last war huge numbers of cattle, sheep and pigs were kept to provide dung and the midden was prominent in every farmyard. Today it is a machinery park or rose garden.

I spent a day in the Beauce, a magnificent area between Paris and the Loire. I saw signs of winter damage, particularly on wheat, but it seemed that the reports of a frost disaster were much exaggerated.

There had been some resowing with durum wheat, a hard variety used for macaroni, and a little barley. But most of the land still fallow was destined for maize anyway.

Some farmers, though, had anticipated the frosts and had not sown their usual quantities. Their mentor had been a firm of professional weather forecasters to which a group of them subscribed. The forecast of extreme January frosts made the previous summer had been surprisingly accurate.

The same source also forecast the 1976 drought and last year's cool summer. I asked the leader of the group, a well-known merchant, just how accurate the forecasts had been over the years and he said that they were about 80 per cent right.

I am highly sceptical about these things and certainly would not at this stage base my cropping on a long-range forecast. But I would not write it off altogether.

I finished my tour in the dairying country of Southern Normandy and Brittany. English farmers are apt to scoff at French dairying, because farms and herds are small, buildings poor, breeds often the unfamiliar spotted Normandy, and there is plenty of mud about.

But everywhere the cows were eating either kale or grass and there appeared to be plenty of silage left, too.

Each time I take this route the proportion of black and white Friesians increases, electric fences have completely replaced hedges, tethering and other ways of confining the stock. There are obvious signs of nitrogen top dressing and Italian ryegrass.

The milk price is slightly higher than in Britain and production is rising steadily. In a few years this area will rival Ireland as a source of cheaply produced milk.

Commodity fund talks near to collapse

BY BRIJ KHINDARIA IN GENEVA

NEGOTIATIONS here to create a financial fund to pay for wide-ranging commodity price stabilisation plans are on the verge of collapse because of hard-line stands by developing countries and the U.S.

Delegates predicted that the negotiations due to end today may be extended for another day but held out little hope of accord because of the need for further political decisions thought to be outside the competence of negotiators here.

Breakdown of the talks is expected to sour the atmosphere for the major north-south meeting of the UN Conference on Trade and Development due at Manila in May.

Western delegates warned here that continuing refusal by developing country negotiators would only mean that the Manila talks are likely to get bogged down in issues unsettled from the past instead of moving ahead on new topics.

Third world negotiators accused the western countries of trying to twist their arms on issues that the industrialised nations agreed three years ago at a previous Unctad meeting in Nairobi.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lower on balance on the London Metal Exchange. Forward metal opened at £986 but quickly fell to £972 following bull liquidation which triggered stop-loss selling. A rally on the morning kerb pushed the price back to £979. In the afternoon confirmation of a strike at Peru's Cuajone mine prompted a firm opening on Comex and London moved ahead to £986. However, profit-taking developed at this level and the price fell away to £973 before closing at £1,075.5 on the late kerb. Turnover, 26,603 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	955-.5	—5.25	960-1	—6
3 months	974.5-5.5	—5.25	978.5-9	—6
Settlem't	955.5	—5.5	—	......
Cathodes				
Cash	951-2	—5.75	954-5	—7.5
3 months	969-70	—2	972-.5	—7.25
Settlem't	952	—3.5	—	......
U.S. Smt.	—	......	*90-8	

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £953, 55, 55.5, three months £973, 75, 74, 73, 72, 73, 72, 72.5, 72, 74, 74.5, 75. Cathodes cash £952, three months £970. Kerbs: Wirebars three months £977, 78, 78.5. Afternoon: Wirebars three months £985, 84, 83, 82, 82.5, 83, 83.5, 79, 78.5, 79. Cathodes three months £972. Kerbs: Wirebars three months £979, 78, 76, 75, 74, 73, 74, 74.5, 75. Cathodes three months £974.

TIN—Firmer. Forward metal opened higher at £7,300 owing to a rise in the Penang market and moved up to £7,350 in the morning rings following fresh buying. However, a sharp fall in lead prompted nervous profit-taking and hedge selling and forward material thereafter eased to £7,305 after touching £7,280. Turnover, 1,295 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7430-40	+90	7420-5	+32.5
3 months	7320-40	+60	7340-50	+45
Settlem't	7440	+90	—	......
Standard				
Cash	7400-10	+82.5	7420-5	+52.5
3 months	7305-10	+60	7320-5	+45
Settlem't	7410	+65	—	......
Straits E.	‡$1956	+11	—	......
New York	—	......		......

Morning: Standard three months £7,340, 50, 40, 20, 7,300, 10, 15, 20, 10, 7,300, 7,295 7300 05. High Grade cash £7,430. Kerb: Standard three months £7,310. Afternoon: Standard three months £7,325, 20, 30, 20, 25. Kerb: Standard three months £7,320, 15, 7,290, 80, 90, 7,300.

LEAD—Sharply lower following Commission House selling which touched off short selling and stop-loss selling. Rumours of a fairly substantial rise in warehouse stocks prompted the initial selling which depressed forward metal to £520 in the morning. Short covering and fresh buying took the market back up to £534 around lunchtime but fresh selling developed thereafter and the price again fell away sharply to close at £520 on the late kerb. Turnover, 13,625 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	555-8	—41	566-7	—29
3 months	522-3	—26	527.5-8.5	—19.7
Settl'ment	558	—40	—	......
U.S. Spot	—	......	*44	......

Morning: three months £527, 25, 22, 26, 24, 23, 20, 19, 22, 23, 24, 23, 22, 25, 24, 23, 24, 23, 22, 23. Kerb: cash £560, three months £523, 22, 23, 24, 24.5, 25, 27. Afternoon: cash £567, three months £534, 32, 31, 32, 33, 32, 31.5, 31, 30.5, 30, 29, 28, 27, 28, 29. Kerb: three months £528, 27, 26, 24, 23, 22 20, 19, 21, 20, 22, 23.

ZINC—Held steady, despite the sharp fall in lead, reflecting overnight U.S. producer prices which prompted a modest buying demand. Forward metal opened around £389 and moved up to close at £394. Turnover, 2,400 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Cash	382-3	+3	382-3	+2.5
3 months	393-4	+2.75	394-.5	+2
S'ment	383	+3	—	......
Prim.west	—	......	*37.5	......

Morning: three months £388, 89, 90.5, 90, 89.5, 91, 91.5, 93. Kerb: three months £393. Afternoon: three months £394, 94 5, 94, 93 5, 94. Kerb: three months £393.5, 93.

ALUMINIUM—Marginally easier in quiet trading with forward metal trading between £737 and £740 before ending on the late kerb at £738. Turnover, 2,125 tonnes.

Alumin'm	a.m. Official	†+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Spot	742-3	......	739-41	—3
3 months	740-1	......	738.5-9	—2.75

Morning: cash £738, 40, 42, 43, three months £737, 38, 39, 40. Afternoon: three months £740, 39, 38.5, 40, 39.5, 39. Kerb: three months £738, 37, 38.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 0.9p an ounce lower for spot delivery in the London bullion market yesterday at 350.40p. U.S. cent equivalents of the fixing levels were: spot 714.1c, down 2.2c; three-month 728.8c, down 1.6c; six-month 746.0c, down 2.3c; and 12-month 777.6c, down 3.4c. The metal opened at 352¾-353¾p (718-721c) and closed at 352¾-354¾p (718-721c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	350.4p	—0.9	352.1p	+0.15
3 months	359.2p	—0.6	361.2p	+0.6
6 months	367.75p	—0.75	—	......
12 months	385.45p	—0.75	—	......

LME—Turnover 158 (255) lots of 10,000 ozs. Morning: Cash 350.8. Three months 359.6, 9.5, 9.6, 9.5, 9.6, 9.8. Kerbs: Three months 360. Afternoon: Three months 361.1, 61, 1.8, 1.5, 1.4, 1.3. Kerbs. Three months 361.1, 1.4, 61, 60.7, 61.

COTTON

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 253 tonnes, bringing the total for the week so far to 1,043 tonnes. Steep fall in values did not encourage any large scale activity. Purchasers tended to avoid extensive commitments and business was confined to small weights in North and South American varieties.

COCOA

Cocoa futures remained steady throughout a featureless day to close £10 higher than last night, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
March	1645.0-48.0	+6.5	1655.0-1630
May	1681.0-83.0	+8.25	1685.0-1666
July	1686.5-87.0	+7.25	1694.0-1675
Sept	1708.0-10.0	+8.25	1717.0-1705
Dec	1751.0-55.0	—4.5	1776.0-1762
March	1792.0-94.8	+5.5	1796.0-1790
May	1810.0-20.0	....	1822.0-1820

Sales: 4,800 (7,702) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound). Daily price March 14, 152.45 (158.59). Indicator prices March 15. 15-day average 159.02 (158.39); 22-day average 159.23 (159.66).

COFFEE

London coffee futures tended to drift lower during the morning session as trade selling produced the first £20 retracement (basis May) since the gradual rise which started in early February, reports Drexel Burnham Lambert. However, chart support and dealer profit-taking lifted prices higher in the afternoon as values traded back to the previous night's closing levels before finishing £2.5 to £9.5 lower on the day.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
March	1458-1460	—02.5	1465-1445
May	1444-1445	—04.0	1450-1451
July	1441-1442	—05.0	1447-1430
September	1440-1441	—07.0	1445-1450
November	1434-1435	—09.5	1440-1424
January	1425-1427	—08.5	1433-1418
March	1410-1420	—09.0	1420-1411

Sales: 3,720 (3,201) lots of 5 tonnes.

ICO Indicator prices for March 14 (U.S. cents per pound): Colombian Mild Arabicas 136.00 (137.00); unwashed Arabicas 136.00 (same); Robustas ICA 1968 135.50 (same); Robustas ICA 1976 135.00 (same); other Mild Arabicas 131.00 (132.00). Composite daily average 129.27 (128.98).

GRAINS

LONDON FUTURES (GAFTA)—After opening unchanged old crop prices improved a little but later came under commercial selling pressure and gains of 15p-25s were turned into losses of 15p-25p. Values closed on the days lows but good short-covering was seen at these levels. Old crop wheat ended the day 10p up to 20p down and old crop barley 15p-25p down. New crops after opening 10p down improved with the old crops but then eased back on trade selling, closing 5p up to 5p down on wheat and 20p-35p down on barley, Acli reported.

The UK monetary coefficient for the week beginning March 19 will decrease to 1.252.

M'nth	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Mar.	96.90	+0.10	93.85	—0.25
May	99.00	+0.70	95.65	—0.15
Sept.	92.80	+0.05	86.00	—0.20
Nov.	95.70	—0.05	89.20	—0.25
Jan.	99.40	....	92.80	—0.35

Business done—Wheat: March 97.00-96.90; May 99.45-99.00; Sept. 93.00-92.80; Nov. 96.95-95.65; Jan. 99.60-99.40. Sales: 164. Barley: March nil; May 95.95-95.60; Sept. 86.50-86.00; Nov. 89.70-89.35; Jan. 93.35-92.85. Sales: 199.

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2 14 per cent, mid-April/mid-May 83 50, May 83, June-July 81.50 transhipment East Coast. U.S. Hard Winter 13½ per cent, March 88 75 transhipment East Coast. EEC unquoted. Maize: U.S./French March 109, April 110 transhipment East Coast. South African White unquoted. South African Yellow May 74 UK. Barley: English Feed fob Oct-Dec. 92 and 91.75 paid East Coast.

EEC IMPORT LEVIES—The following levies and premiums are effective for March 16 in order current levy plus April. May and June premiums (with previous in brackets): All in units of account per tonne. Common wheat: 85.52, nil, nil, 4.41 (85.52, nil, nil, 4.11). Durum wheat: 131 52, 0 21, 0 21, 1.42 (131.52, 0.21, 0.21 1 42). Rye: 87.68, 3 55, 3.55, 3 35 (87.68, 3 50, 3.50, 3.50). Barley: 90.58, rest nil (90 58, rest nil). Oats: 86.91, rest nil (86.91, rest nil). Maize (other than hybrid for seeding): 78 82, 1.44, 1.44, 0 91 (78.82, 0.46, 0.46, 0 91). Buckwheat: 4.72, rest nil (4.72, rest nil). Millet: 80.42, rest nil (79.81, rest nil). Grain sorghum: 82.85, 3.04, 3.04, 5.78 (82.85, 3.04, 3.04, 5.78). Flour levies: Wheat or mixed wheat and rye flour: 131.51 (131.51). Rye flour: 134 52 (134.52).

HGCA—Location ex-farm spot prices. Other Milling Wheat: Lincoln 100.00. Feed Barley: N. Lincoln 91.70, Hants. and W. Sussex 92.50.

RUBBER

ABOUT UNCHANGED opening on the London physical market. Good interest throughout the day, closing on a firm note. Lewis and Peat reported a Malaysian godown price of 251 (251½) cents a kilo (buyer, April).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
April	59.85-59.60	59.25-59.40	59.60-58.80
May	60.45-60.55	60.15-60.20	60.50-60.40
Apr-Jne	60.40-60.55	60.10-60.20	60.50-60.00
Jy-Sept.	65.45-65.50	65.05-65.10	65.50-62.70
Oct-Dec	65.40-65.45	65.00-65.05	65.50-64.80
Jan-Mar	67.40-67.45	66.90-67.00	67.40-66.75
Apr-Jne	69.40-69.50	68.95-69.00	69.25
Jy-Sept	71.40-71.50	70.85-70.90	71.35-71.30
Oct-Dec	73.30-73.35	72.85-72.90	73.40-72.90

Sales. 34 (404) lots of 15 tonnes and 35 (26) at 5 tonnes.

Physical closing prices (buyers) were: Spot 59p (58.75); April 61p (60 5); May 61.5p (61.0).

SOYABEAN MEAL

The London market opened 50p higher reported T. G. Roddick. Trading conditions remained quiet with continuous slow cash demand. However, there was some short covering late in the session and steadier market conditions to close near the highs of the day.

	Yesterday Close £ per tonne	+ or —	Business Done
April	124.50-25.5	+0.75	125.50-124.60
June	126.20-26.3	+0.7	126.30-125.80
August	128.10-28.3	+1.05	128.50-127.80
October	127.40-28.3	+1.05	—
December	125.80-26.5	+0.85	126.00-125.80
February	127.00-27.2	+0.95	—
April	126.00-29.0	—0.15	—

Sales: 58 (81) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £104.00 (same) a tonne cif for March-April shipment. White sugar daily price was fixed at £103.00 (same).

Prices were again confined within a narrow range throughout the day in dull trading conditions, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close £ per tonne	Previous Close	Business Done
May	107.75-07.85	108.70-08.75	09.25-07.70
Aug.	111.80-11.85	112.65-12.70	13.25-11.60
Oct.	114.70-14.75	115.65-15.70	16.00-14.50
Dec	117.50-17.80	118.40-18.50	18.75-17.50
March	121.80-21.85	122.75-22.85	23.10-21.85
May	124.10-24.55	125.15-25.25	24.50
Aug	126.80-27.40	127.80-28.25	—

Sales: 1,647 (2,739) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264 85 (same) a tonne for home trade and £171.00 (same) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for March 14. Daily 8 50 (8.42); 15-day average 8.53 (8.55).

WHITE SUGAR—Close (in order buyer, seller, business, sales): April 102.00, 103.50, 103.00-102.00, 31; July 107.00, 107.20, 107.75-106.75, 142; Sept. 113.25, 113 75, 114.00-113.50, 52; Nov. 117 10, 117 50, 117.40, 13; Feb 124 80, 125.25, 125.50-125 00, 77; April 129.60, 129.75, nil, nil; July 133.50, 125.50, nil, nil. Sales: 315.

WOOL FUTURES

BRADFORD—Traders said in spite of renewed strength in most wool values, business at Bradford has not been as active as earlier in the year. There is price resistance and also reluctance to buy in excess of requirements.

LONDON GREASY—Close (in order buyer, seller): March 240.0, 245.0; May 246.0, 251.0; July 250.0, 255.0; Oct. 252.0, 257.0; Dec. 252.0, 257.0; March 252.0, 257.0; May 252.0, 257.0; July 252.0, 257.0. Sales: nil.

SYDNEY GREASY—Close (in order buyer, seller, business, sales): Micron Contract: March 408.0, 410.0, 412.0-408 0, 38; May 416 0, 418.0, 422.0-414.0, 83; July 426.5, 427.0, 431.0-423.0, 90; Oct. 416.0, 417.0, 425 0-416.5, 176; Dec. 417.0, 417.5, 424.5-417.2, 83; March 418.0, 418.5, 425.0-418.0, 56; May 418.5, 420.0, 425.0-419.0, 42; July 423.0, 424.0, 428 0-421.0, 69. Sales: 627.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller): March 200.0, 204.0; May 203.0, 206.0; July 207.0, 209.0; Oct 209.0, 211.0; Dec. 210.0, 213.0; March 208.0, 215.0; May 208.0, 215.0; July 208.0, 215.0. Sales: 34.

PRICE CHANGES

In tonnes unless otherwise stated.

	Mar. 15 1979	+ or —	Month ago
Metals			
Aluminium	£710	....	£710
Free Mkt (cis)	$1,465/75	....	$1,570/90
Copper			
Cash w'bar.	£960.5	—6.0	£968.5
3 mth	£978.75	—6.0	£983.5
Cash Cathode	£954.5	—7.5	£961.75
3 mth	£972.25	—7.25	£975.25
Gold troy oz.	$239.875	+0.25	$247.625
Lead cash	£566	—29.0	£424.5
3 mth	£528	—19.75	£495
Nickel	£2523.14	....	£2,520.89
Freemkt(cif)(lb)	216-25c	+4.5	$1.85 / 1.95
Platin'm tr'y oz	£164.5	....	£164.5
Free mkt	£198.7	+4.55	£202.5
Quicksil'ver	$235/45	+2.5	$215/25
Silver troy oz	350.4p	—0.9	363.05p
3 months	359.2p	—0.6	373.65p
Tin cash	£7 422.5	+52.5	£7,225
3 mths	£7322.5	+45.0	£7,177.5
Tungsten	$134.1	....	$134.14
Wolfrm 22.04 cif	$140/45	....	$122/28
Zinc cash	£382.5	+2.5	£398.75
3 months	£394.25	+2.0	£412.75
Producers	$800	....	$760
Oils			
Coconut (Phil)	$1,000r	....	$995
Groundnut	‡	....	‡
Linseed Crude	£412	....	£404
Palm Malayan	$660r	....	$710
Seeds			
Copra Philip	$685r	+5.0	$680
Soyabean (U.S.)	$308w	+3	$208.35
Grains			
Barley Futures	£95.65	—0.15	£93.2
Maize			
French No 3 Am	£109	....	£109.5
Wheat			
No. 1 Red Spg.	‡	....	‡
No2HardWint.	£88.75	....	£90.5
Eng. Milling t	£103.5r	....	£96.5
Other commodities			
Cocoa ship't	£1.708	+3.0	£1,802
Future May	£1.682	+8.25	£1,799
CoffeeF't'rMay	£1.444.5	—4.0	£1,288.5
Cotton 'A' Index	72.5c	....	77.05c
Rubber kilo	59p	+0.25	59.75p
Sugar (Raw)	£104	....	£99
Wooltp's 64s kl	286p	....	274p

* Nominal. † New crop. ‡ Unquoted. p April-May. q May-June. r May. s June-July. t April-June. v March-April. w April. x Per ton. z Indicator. § Buyer.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef Scottish killed sides 54.0 to 58.5. Eire hindquarters 66.0 to 69.0, forequarters 38.0 to 42.0.

Veal: English fats 62.0 to 78.0. Dutch hinds and ends 86.0 to 96.0.

Lamb: English small 58.0 to 66 0. medium 56.0 to 62.0, heavy 50.0 to 58.0. Scottish medium 56 0 to 62.0, heavy 50.0 to 58.0. Imported Frozen—N.Z. PL new season 48.0 to 49.0. PM new season 48.0 to 49.0.

Pork: English, under 100 lb 36.5 to 45.5, 100-120 lb 35.0 to 43.5, 120-160 lb 35.0 to 41.0.

MEAT COMMISSION—Average fatstock prices at representative markets on March 15. G.B. cattle 72.65p per kg. l.w. (—0 04). UK sheep 157.7p per kg. est. d.c.w. (+9.2). G.B. pigs 61.6p per kg. l.w. (no change). England and Wales: Cattle numbers up 0.1 per cent, average price 73.08p (—0.31). Sheep numbers up 9.0 per cent, average price 157.6p (+9.3). Pig numbers down 3 8 per cent, average price 61 6p (no change). Scotland: Cattle numbers down 18.9 per cent, average price 71.42p (+0.31).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Spania: Navels 3.30-3.50. Bloods 3.20-3.50; Israeli: Shamouti 4 40-5 40; Cyprus 3.30-4.30; Moroccan: Hamlins 3.80. English Produce: Potatoes—Per 25-kg 1.60-2.20. Lettuce—Per 12 round 1.80. Mushrooms—Per pound 0 55-0 60. Apples—Per pound Bramley 0.05-0.11; Cox's Orange Pippin 0.08-0.16; Spartan 0 06-0.10; Laxtons 0.05-0.07. Pears—Per pound Conference 0.10-0.15. Comice 0.18-0.22. Cabbages—Per net 3.80-4.20. Beetroot—Per 28-lb 0 80-0.90. Carrots—Per 28-lb 0.80-1.30. Onions—Per 28-lb 1.20-2.40. Rhubarb—Per pound 0.18-0.20. Swedes—Per 28-lb 0.80-0.90. Turnips—Per 28-lb 0.90-1.00. Parsnips—Per 28-lb 1.00-1.20. Sprouts—Per pound 0.15-0.20. Cucumbers—Tray 12/18s 3.00-3.50. Tomatoes—Per pound 0.50-0 55.

AMERICAN MARKETS

NEW YORK, March 15.

Cocoa—March 146.75 (146.00), May 149.50 (147.50), July 151.60, Sept. 153.20, Dec. 156.25, Mar. 157.75, May 158.75. Sales: 1,095.

Copper—March 88.50 (87.50), April 88 95 (87.95), May 89.70, July 90 50, Sept. 91.00, Dec. 91.50, Jan 91.70, Mar. 92.00, May 92.25, July 92.50, *Sept. 92.75, Dec. 93.15, Jan 93 25.

Potatoes (round whites)—Nov. 60.5-60.7 (60.8), Mar. 67.5-68 1 (68.3), Apr. nil, May 82.8. Sales: 84.

¶Silver—March 739.00 (722.00), Apr. 742.00 (725.00), May 748.00, July 758.00, Sept. 768.00, Dec. 783.00, Jan. 787.70, Mar. 797.40, May 807.30, July 817.00, Sept. 826.80, Dec. 841.80, Jan. 846.80. Handy and Harman spot 718.40 (721.70).

CHICAGO, March 15.

Lard—Chicago loose 26.50 (26.00). New York prime steam 28.00 traded (27.50 nom.).

Live Cattle—April 72 05-72.95 (73.35), June 72.10-72.25 (72.40), Aug. 70 10-70.20, Oct. 68.10-68 20, Dec 68.60, Jan. 68.50, Feb. 69.70 asked, April 69.90 bid-70.15, June 71.00 asked, Aug. 71.00 asked. Sales: 29,274.

Live Hogs—April 49 62-49.62 asked (51.12), June 51.40-51.35 (52 85), July 52.00-52.05, Aug. 49.05, Oct. 46.77, Dec. 47.40-47.55, Feb. 46 50, Apr. 44.52, June 46.05. Total sales: 8,457.

‡‡Maize—March 239½ (237¾), May 245-244¾ (243), July 248½-248¾, Sept. 251, Dec. 256½, Mar. 264½.

Plywood—March 21 00 (21.05), May 20.85 (20.81), July 20.85, Sept. 20.65, Nov. 20 45, Jan. 20.50 bid, March 20 50

Pork Bellies—March 61 60 (62.75), May 61.30-61.40 (62.77), July 61.45-61.55, Aug. 59.40. Sales: 4,270.

Shell eggs—March 67.90 asked (66.05), April 54.60 asked (53.75), May 52.45, June nil, Sept. 60.90, Nov. nil, Dec. nil. Sales: 130.

Silver—March 740.5 (720 8), April 742 5-743.0 (723.3), May 748.5, June 754.5-754.8, Aug. 763.5-784.0, Oct. 773.9, Dec. 783.0, Feb. 792.5, April 802.0, June 812.0, Aug. 822.0, Oct. 832.0, Dec. 842.5, Feb. 853.0, April 863.5, June 874 5, Aug. 885.5, Oct. 896.5.

‡Soyabeans—March 742 (733), May 755½-753½ (748), July 764½-762, Aug. 757.756, Sept. 721, Nov. 704½-703½, Jan. 713½, March 723½-725.

‖Soyabean meal—March 191.50-192.00 (190.90), May 197 30-196.80 (195.30), July 200.30-200.50, Aug. 200.50, Sept. 197 50, Oct. 194.50, Dec. 194.00-194 50, Jan. 195.00, March 198 00-198.50.

Soyabean Oil—March 27.15 (26.57), May 27.35-27 30 (26.75), July 27.40-27.50, Aug. 27.25, Sept. 26.30, Oct. 25.60-25.65, Dec. 25.15-25.25, Jan. 25.05-25.10 bid asked, March 25.00-25 05 bid asked, May 24.90-24.95 bid asked.

‡Wheat—March 376¾-377 (368), May 340¼-340½ (335¼), July 322¾, Sept. 322¾, Dec. 337½, March 346½.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

Wednesday's closing prices

NEW YORK, March 14.

Cotton—No. 2: March 62.15-62.25 (62.05), July 64.06-64 20 (63.85), Oct 64.85, Dec. 64.55-64 63, March 65.90 May 67.20-67.50, July 68.20-68.60. Sales 5,850.

Potatoes (round whites)—Nov. 60.8 (61.0), March 68.0-68 3 (68 5), April nil, May 82.5-83.3. Sales 66.

Lard—Chicago loose 26.00 (same). New York prime steam 27.50 nom. (same).

WINNIPEG, March 14.

§Rye—May 105.60 bid (105.30 bid). July 135.0 bid (103.40 asked). Oct. 104.50, Dec. 104 20 bid.

§Barley—March 80.10 bid (80.40 bid), May 80.30 bid (80.60 bid). July 79.40 bid, Oct. 78.40 bid, Dec. 80.80 bid.

§Oats—March 81 50 bid (80.20 asked). May 79.90 bid (79.90), July 78.40 bid, Oct. 78.40 bid, Dec. 80.80 bid.

§Flaxseed—May 334.00 (335.00 bid), July 328.00 bid (328 70), Oct. 323.00 bid, Nov. 320.00 asked, Dec. 318.00 asked.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 186.85 (186.75).

EUROPEAN MARKETS

ROTTERDAM, March 15.

U.S. No. 2 Dark Hard Winter 13.5 per cent March $165.50. U.S. Hard Winter wheat ordinary unquoted. U.S. No. 2 Red Winter wheat June $145, July $141, Aug. $143. U.S. No. 2 Northern Spring wheat 14 per cent April $182, May $152, June $149, July $148.

Maize: U.S. No. 3 Corn Yellow March $122.60, traded Afl $123.50, March $122 75, April $122 75 May $122 25, June $121, July-Sept. $120 50, Oct-Dec $122 sellers.

Soyabeans: U.S. Two Yellow Gulrports Afloat $298, March $299.75, April $302.75, May $302.50, June $304, July $303.50, Aug. $303, Sept. $301 75, Oct $281.25, Nov. $280, Dec. $283.50, Jan $286.75, Feb. $290 50, March $291. Brazil Yellow faq unquoted. Argentine May-June-July $293.50.

Soyameal: 44 per cent protein U S. Afl $235, March $234, April $234, April-Sept. $235, Nov.-March $235. Brazil Pellets Afl $236, March $238, April $239, May $240, April-Sept. $243, Nov.-March $246.

PARIS, March 15.

Cocoa (FFr per 100 kilos): March 1410-1420, May 1415-1418, July unquoted, Sept. 1460-1463, Dec. 1490-1495, March 1495 bid. Sales at call 2. Accumulative total 162.

Sugar (FFr per 100 kilos): May 895-896, July 915-917, Aug. 933-937, Oct. 975-977, Nov 970-975, Dec. 1014-1017, March 1052-1062, May 1065-1080. Sales at call 3.

● Commodity market coverage in these columns is being extended to include French sugar, cocoa, coffee, soyabean meal and wool market closing prices. More U.S. futures markets will also be covered including silver, live cattle, hogs, eggs, pork bellies and plywood from Chicago and orange juice and potatoes from New York.

INDICES

FINANCIAL TIMES

Mar. 14	Mar. 13	M'nth ago	Year ago
270.79	271.34	266.01	237.56

(Base: July 1, 1952=100)

MOODY'S

Mar. 14	Mar. 13	M'nth ago	Year ago
1056.1	1054.2	1033.7	806.9

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar. 14	Mar. 13	Month ago	Year ago
Spot	380.99	380.10	382.06	358.69
F'tur's	385.05	395.55	377.4	343.42

(Average 1924-25-26=100)

REUTERS

Mar. 15	Mar. 14	M'nth ago	Year ago
1540.5	1541.3	1528.3	1394.9

(Base: September 18, 1931=100)

AUL UNI

LONDON STOCK EXCHANGE

Markets fall quickly in absence of institutional demand

30-share index loses 7.2 to 502.7 and Gilts close 1¾ down

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Feb. 26	Mar. 8	Mar. 9	Mar. 20
Mar. 12	Mar. 22	Mar. 23	Apr. 3
Mar. 26	Apr. 5	Apr. 6	Apr. 18

* " New time " dealings may take place from 9.30 am two business days earlier.

The withdrawal of institutional support yesterday enabled dealers in stock markets to lower prices across the board. News of the further temporary reduction in clearing banks' special deposits had no lasting impact on sentiment and the close was only slightly above the day's worst. Reasons for the steep decline in both Gilt-edged and equities were a little difficult to pinpoint apart from an effort by dealers to find a trading level.

Gilt-edged securities opened at the previous evening's lower levels and lost fresh ground with buyers inhibited by the prospect, confirmed at 12.30 pm, of Minimum Lending Rate remaining unchanged and by the possibility of replacement tap stocks being announced at today's official close. Selling was described as light but it produced falls of over two points among the longer maturities and ranging to ¾ or so in the shorts, before an after-hours' recovery.

Leading industrials took their cue from the trend in the funds and also reacted on relatively light selling until the special deposits news prompted recoveries of a penny or so. Subsequently, the continued absence of worthwhile demand, particularly from institutional sources, caused dealers to again protectively lower values and many leading shares settled with double-figure falls.

Sceptics of the recent upturn suggested that the market had been brought back to reality by the prospect of a return to double-figure inflation, but this had been well sign-posted earlier. The FT 30-share index closed with a loss of 7.2 at 502.7 after having been 8.7 down at 1 pm and official bargains slipped to 7,032 from the near-9,000 on Monday and Tuesday.

The falls in British Funds extended to 2½ points before a small demand after the official close produced a rally which left the longer of the two £50 paid Government scrips, Treasury 13¼ per cent 2000/03, down two points at £60½, a level which was improved upon in the very late trade.

Revived institutional demand drawn by the lower rates recently obtaining instigated a recovery in the investment currency premium which closed 1¼ points better at 78¼ per cent.

Yesterday's SE conversion factor was 0.7164 (0.7171).

Applied Computer Techniques staged a bright debut and, from an opening level of 150p, were briskly traded and touched 195p before settling at 180p compared with the placing price of 95p; the share are dealt in under special rule.

Hill Samuel firm

Merchant banks continued to attract buying interest in an otherwise drab banking sector. Hill Samuel Warrants were again in demand following Press comment and closed a further 20 higher making a jump on the week so far of 216 to 270p; the ordinary improved 4 more to 105p. Still reflecting the 6.24 per cent stake recently taken in the company by Mr. Graham Ferguson Lacey, Arbuthnot Latham added 6 more to 176p. The Bank of England's decision to release another 1 per cent of special deposits did very little for the major clearers which closed a penny or so easier on balance.

News that Hogg Robinson and Willis Faber have been involved in unsuccessful merger discussions prompted a sharp fall in the former which touched 125p before closing 9 down at 135p; the latter which have been a nervous and dull market of late ahead of next Tuesday's results, rallied 2 to 237p. Refuge, on the other hand, added 3 to 159p following the results.

Dullness in the Brewery sector mainly reflected the absence of support. Bass drifted off to close 4 cheaper at 187p and Whitbread "A" eased 3 to 112p.

In line with the general trend, leading Buildings displayed an easier tendency. Blue Circle cheapened 6 to 257p and BPB 4 to 276p, while Taylor Woodrow declined 10 to 370p and Costain, on offer in late dealings on Wednesday, slipped 6 to 174p. A particularly firm market of late in line with other D-I-Y issues, Harley met profit-taking and shed 5 to 90p. Among the isolated firm spots, renewed demand lifted Thomas Warrington 5 to 66p, while continued buying in a thin market prompted a further rise of 5 to 172p in Wilson (Connolly). Interest in a nominal market brought about a rise of 120 to 930p in Craig and Rose.

Marked lower at the outset, ICI staged a modest rally before drifting off to close 8 easier at 387p. Elsewhere in Chemicals, profit-taking clipped 7 from Plysu at 161p.

Moss Bros. better

Stores were featured by a rise of 15 to 155p in Moss Bros. following news that Grovewood Securities, a subsidiary of Eagle Star, has disposed of its 71.429 per cent shareholding. MFI Furniture reacted 15 to 365p on profit-taking, while a sudden bout of selling took Wearwell down to 24p before a rally left a close of 28p, only a net penny easier on balance. Church cheapened 2 to 180p in front of today's preliminary results, while James Walker gave up 5 to 133p as did the N/V to 114p on further consideration of the half-term figures. Raybeck, at 110p, gave up 6 of the previous day's rise of 7, while similar falls were seen in Gussies A, 374p, and Mothercare, 154p.

United Scientific were vulnerable to a revival of selling and reacted to 268p before settling at 273p for a loss of 11. Racal gave up 9 to 430p, but other losses in secondary Electricals were of a more modest nature. Lower annual profits left T. Clarke 4 cheaper at 21p. Against the trend, MK firmed 4 to 233p helped by the company's plans to double its turnover in the next five years mainly by way of increased exports. Among the leaders, GEC were actively traded and closed 6 cheaper at 373p, after 371p.

Scattered selling and lack of support left its mark on the Engineering leaders. Hawker were particularly vulnerable and gave up 10 to 224p, while Tubes lost 6 to 386p and Vickers 4 to 182p. Elsewhere, Wolseley-Hughes continued to respond to the annual results and encouraging statement on the outlook with a further rise of 6 to 264p. Renewed demand in a thin market lifted Yarrow 18 more to 390p, while Smith Walls, also a difficult market, were supported and jumped 20 to 148p. GEI International firmed 5 to 96p and Hall Engineering hardened 3 to 128p, the latter awaiting today's preliminary figures. By way of contrast, Simon Engineering encountered occasional profit-taking and reacted 4 to 196p, while losses of a similar amount were marked against Manganese Bronze, 63p, and Babcock and Wilcox, 189p. APV shed 7 to 205p and Williams and James reacted 5 further to 175p.

The Foods sector was featured by increased speculative activity in Spillers which, on rumours that a sizeable stake in the company was about to change hands, firmed 2½ to 48p, after 48½p. Other issues ended slightly lower and the chairman's bid denial clipped 4 from Robertson at 155p.

Glass & metal up

The withdrawal of institutional support prompted a return to Tuesday's move to lower levels in the Miscellaneous Industrial leaders. Glaxo declined 9 to 547p and Beecham, 677p, and Unilever, 624p, gave up 8 apiece. Reckitt and Colman dipped 7 to 508p and BOC cheapened 2¼ to 70p. Scottish and Universal Investments, however, were marked up 2 to 140p following the Monopolies Commission's clearance of the merger with Lonrho, a penny lower at 71p. This development buoyed associated concern House of Fraser which closed 6 to the good at 169p. Elsewhere, James Wilkes rose 9 to 70p in response to the sharp increase in annual earnings. Glass and Metal advanced 10 to 130p on hopes of early news of the bid discussions. recorded a Press-inspired gain of 3 and Crosby House added 8 to 156p. Falls of around a penny following their respective trading statements were sustained by Sale Tilney, 163p, L. Ryan, 16½p, and Smith and Nephew, 77p. Associated Communications dipped 6 to 124p and Gibbons Dudley cheapened 3 to 76p; the price of the latter in yesterday's issue was incorrect.

In the Leisure sector, profit-taking left Saga Holidays 10 cheaper at 230p, but fresh speculative support lifted Management Agency and Music 3 to 168p.

In Motors and Distributors, Wilmot Breeden were active and firm at 105½p, up 5, in anticipation of early news concerning bid discussions with Rockwell Corporation. The chairman's remarks at the annual general meeting failed to stimulate interest in Henlys which drifted 3½ lower to 127½p.

Paper/Printing featured Chapman (Balham) which, on a resurgence of speculative demand in a thin market, rose 20 to 130p. Melody Mills, firm of late following a Press mention, eased 5 to 132p on profit-taking. Despite higher annual profits, publishers William Collins slipped 2 to 160p.

Already geared to an unchanged minimum lending rate, leading Properties passed a fairly uneventful session on a cessation of recent buying enthusiasm. MEPC, a particularly strong market of late, eased 5 to 173p, while Peachey and Slough Estates both shed 3 to 116p and 141p respectively. Second City dropped 4 to 49p following the disappointing interim profits and the chairman's statement on the erosion of margins. By contrast, continued speculative demand in a thin market lifted Estates and Agency 10 for a two-day gain of 16 to 92p and Bradford put on 20 for a two-day gain of 33 to 405p.

BP steady

Compared with other sectors of the market, leading Oils traded on a steady to firm note with sentiment helped by annual results in line with general expectations from British Petroleum which closed a shade harder at 1100p. Shell edged 6 higher to 700p. Among secondary issues, preliminary figures at the lower end of recent estimates prompted a reaction to 180p in Tricentrol before buyers appeared and took the price to a close of 186p, down 2 on the day. Profit-taking after the previous day's rise of 12 which followed the Chairman's optimistic remarks at the annual meeting left S. and W. Berisford 6 lower at 201p.

Trusts gave ground in sympathy with the overall setback, Rothschild reacting 6 to 240p and Globe 5½ to 126p.

Shippings tended easier, but Common Bros. traded firmly at 206p, up 4.

Textiles continued to attract scattered buying interest, but movements as a whole were irregular. Buyers showed interest in Leeds Dyers, up 4 at 70p, while fresh demand lifted Nottingham Manufacturing 3 to 149p. On the other hand Courtaulds were dull at 108p, down 3, in line with other leaders, while Lister, 3 off at 66p, met profit-taking after the recent good rise.

In quietly dull Tobaccos, the chairman's statement at the annual meeting failed to help Bats, which gave up 6 to 348p.

Apart from a fresh improvement of 10 to 360p in Moran, Plantations had little to commend them.

Quiet Mines

Activity in all sections of mining markets remained at minimal levels. South African Golds were easier on balance for the third successive day but falls were minor with the Gold Mines index 0.2 off at 186.3 and the ex-premium index 0.3 easier at 119.3.

Among the heavyweights Western Holdings gave up ¼ to £17¼, as did Randfontein, £30½. In the lower-priced issues, West Rand Consolidated attracted further support from Johannesburg and closed another 6 higher at 175p. Harmony hardened a penny to 383p in front of the dividend announcement.

South African Financials were mixed. Profit-taking left Anglo-Vaal ½ cheaper at £11¾ and "Amcoal" 19 easier at 919p, "Amgold" fell ½ to £16½ in front of the 1978 results which are expected on Monday. On the other hand Transvaal Consolidated Land added a halfpoint to a 1978-9 high of £18, while De Beers rallied to close 4 up at 446p.

London-registered Financials were lower reflecting the downturn in UK equities. Losses of around 4 were common to Rio Tinto-Zinc, 298p, and Charter Consolidated, 167p, while Selection Trust fell 10 to 534p.

After a firm opening prompted by the trend in overnight Sydney and Melbourne markets Australians later turned easier owing to London selling. Conzinc Riotinto dropped 8 to 296p, Peko-Wallsend 6 to 464p and Mount Lyell 3 to 62p. Pancontinental, however, rose ½ to £10½ following a good overnight demand in Australia.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
GEC	25p	14	373	−6	385	233
ICI	£1	14	387	−8	421	328
Beecham	25p	13	677	−8	726	581
BP	£1	13	1100	+2	1120	720
Unilever	25p	13	624	−8	640	476
Tricentrol	25p	12	186	−2	196	130
Shell Transport	25p	11	700	+6	702	484
Wilmot-Breeden	25p	11	105½	+5	105½	55
Burmah Oil	£1	10	102	−1	105	42
GUS A	25p	10	374	−6	380	256
Marks & Spencer	25p	9	100	−1	104	67½
RTZ	25p	9	298	−4	313	164
BATs Defd.	25p	8	332	−3	337	227
EMI	50p	8	121	−2	190	115
Fisons	£1	8	315	−2	394	280

FINANCIAL TIMES STOCK INDICES

	March 15	March 14	March 13	March 12	March 9	March 8	A year ago
Government Secs.	71.06	72.29	72.64	72.83	73.00	73.10	76.03
Fixed Interest	71.91	72.66	72.66	72.79	73.03	73.03	76.45
Industrial	502.7	509.9	506.6	513.8	515.4	500.1	458.3
Gold Mines	186.3	186.5	170.0	172.4	163.9	161.7	155.5
Gold Mines (Ex-$ pm)	119.1	119.4	119.1	118.9	118.4	113.0	109.1
Ord. Div. Yield	5.55	5.48	5.52	5.40	5.44	5.61	5.90
Earnings Y'ld % (full)	14.40	14.22	14.32	14.01	14.10	14.54	17.36
P/E Ratio (net) (*)	9.04	9.15	9.09	9.29	9.23	8.95	6.08
Dealings marked	7,032	8,861	8,961	8,590	7,303	7,300	4,824
Equity turnover £m.	—	119.33	174.10	176.01	214.18	150.00	58.01
Equity bargains total	—	26,024	33,808	33,307	32,871	23,715	14,466

10 am 506.0. 11 am 503.5. Noon 501.4. 1 pm 501.2. 2 pm 501.7. 3 pm 501.3.

Latest index 01-246 8026.

*Nil=8.77.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec. 1942. † Corrected.

HIGHS AND LOWS

	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (4/1/78)	64.84 (25/2/79)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (5/1/78)	65.77 (18/2/79)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9/78)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8/78)	130.3 (2/3/78)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	132.2 (14/8/78)	90.3 (2/3/78)	337.1 (3/4/74)	54.3 (26/6/76)

S.E. ACTIVITY

	March 15	March 14
—Daily		
Gilt Edged	199.6	132.0
Industrials	202.5	153.8
Speculative	38.2	50.9
Totals	160.1	188.0
5-d'y Av'r'ge		
Gilt Edged	187.3	131.8
Industrials	215.0	217.5
Speculative	45.0	45.4
Totals	184.4	185.6

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (78)

FOREIGN BONDS (1)
German Yng. 4½pc

BANKS (4)
Arbuthnot Latham, Hill Samuel, Hambros, Wintrust

BUILDINGS (4)
Sharpe & Fisher, Whittingham, Watts Blake, Wilson (Connolly)

CHEMICALS (1)
Rentokil

STORES (6)
Casket (S.), Ladies Pride, House of Fraser, Owen Owen, Kitchen Queen, Pullman (R. & J.)

ELECTRICALS (1)
Dreamland

ENGINEERING (6)
Alcan Aluminium, R.H.P., Astra Ind., Robinson (Thos.), Hall Eng., Wolseley Hughes, Hall (Matthew), Yarrow

FOODS (2)
Hillards, Spillers

HOTELS (1)
Rowton Hotels

INDUSTRIALS (17)
Austin (F.) (Leyton), Magnolia, Cawoods, Chamberlain Phipps, Portals, Crean (J.), Prestige, Dewhurst, Rowan & Boden, Emray, G.R. Hldgs., Wilkes (J.), Heenan, Witter (T.), Kalamazoo

INSURANCE (1)
Refuge

LEISURE (2)
Hawley Leisure, Samuelson Film

MOTORS (2)
Brown Bros., Wilmot-Breeden

PAPER (2)
Ault & Wiborg, Chapman (Balham)

PROPERTY (3)
Bradford Prop., Greencoat, Estates & Agency

SHOES (2)
Oliver (G.) A, Stylo Shoes

TEXTILES (3)
Notts. Mfg.

TRUSTS (7)
Atlas Inv., Inst. Inv. Jersey, Archimedes Cap., Kitchen (L.) Taylor, Camellia Inv., Lamont, Channel Islands Cap.

RUBBERS (1)
Rightwise

TEAS (2)
Warren Plants., Williamson

MINES (7)
Mincorp, Transvaal Cons., Hampton Areas, Metals Exploration, Peko-Wallsend

NEW LOWS (4)

ELECTRICALS (1)
Motorola

FOODS (1)
Watson & Philip

SHIPPING (1)
Ocean Transport

MINES (1)
Oakbridge

RISES AND FALLS

	Up	Down	Same
British Funds	2	78	4
Corpns. Dominion and Foreign Bds.	[illegible]	[illegible]	[illegible]
Industrials	179	617	723
Financial and Prop.	48	254	206
Oils	3	14	22
Plantations	3	5	23
Mines	44	44	87
Recent Issues	[illegible]	[illegible]	[illegible]
Totals	291	1,049	1,126

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb. 20	Mar. 5	May 17	May 30
Mar. 6	Mar. 19	May 31	Jun. 12
Mar. 20	Apr. 2	Jun. 14	Jun. 26

For rate indications see end of Share Information Service

Money was given for the call of GEC, Ultramar, Lonrho, Spillers, Reed International, Status Discount, Grand Metropolitan, Land Securities, Wm. Mowatt, Harris Lebus, Moss Engineering, Sears, Francis Industries, Silentnight, Bield Bros., Law Land, Burmah Oil and Kalamazoo. Shell Transport and John Brown were dealt in for the put, while double options were arranged in Belfast Motors, Hunting Petroleum, Lonrho and MFI Furniture.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	900	210	7	255	—	242	—	1100p
BP	950	160	1	198	—	198	—	"
BP	1050	60	20	110	18	126	—	"
BP	1100	27	37	78	6	92	—	"
BP	1150	11	27	50	—	63	—	"
Com. Union	140	28	—	30	8	35	—	167p
Com. Union	160	10	2	14	—	20	—	"
Cons. Gold	220	4½	73	15	6	20	—	210p
Courtaulds	100	12	—	14½	56	15½	56	108p
Courtaulds	110	5	50	8	10	10½	—	"
Courtaulds	120	2	10	4½	17	7½	5	"
Courtaulds	130	1	—	2	—	—	—	"
GEC	300	80	16	90	—	98	—	374p
GEC	330	50	18	64	—	74	—	"
GEC	360	25	25	41	1	54	—	"
GEC	390	9½	116	25	4	34	1	"
Grand Met.	100	40½	11	45	—	45½	—	140p
Grand Met.	110	30½	15	33½	7	35	—	"
Grand Met.	120	20½	25	24½	14	25½	—	"
Grand Met.	130	11	18	15	111	22½	10	"
Grand Met.	140	4½	40	11½	10	13	—	"
Grand Met.	160	1	—	4	5	8	—	"
ICI	330	61	5	74	—	82	—	387p
ICI	360	31	15	49	2	56	10	"
ICI	390	12½	36	26	—	36	—	"
ICI	420	2½	5	16½	—	22	—	"
Land Secs	260	25	19	35	8	41	—	281p
Land Secs	280	10	9	21	—	29	—	"
Land Secs	300	3	10	10½	—	16	—	"
Marks & Sp	90	13½	5	17	—	19	—	100p
Marks & Sp	100	6	24	10	1	12	10	"
Marks & Sp	110	2	6	4	—	7	—	"
Shell	650	50	3	68	—	80	—	700p
Shell	700	19	3	42	—	50	—	"
Totals			767		313		152	

Option	Ex'rc'se price	May Closing offer	May Vol.	August Closing offer	August Vol.	November Closing offer	November Vol.	Equity close
BOC Intl.	80	2	—	4	4	5½	—	71p
Boots	200	29	2	34	—	40	—	220p
Boots	220	13½	7	21	—	27	—	"
Boots	240	1	6	—	—	—	—	"
EMI	110	12	5	18	11	23	3	121p
EMI	130	7	13	13	1	16	—	"
EMI	140	4½	4	9	—	12	—	"
ImperialGp	80	22½	51	23½	—	25	—	101p
ImperialGp	90	13½	—	14	70	17	—	"
ImperialGp	100	6	1	7½	—	10	—	"
ImperialGp	110	2	3	5	—	6½	—	"
RTZ	300	18	9	32	—	41	—	298p
RTZ	330	8	4	15	—	26	—	"
Totals			105		86		3	

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p:	+ or −	Div. p. or Amount	Times Covered	Gross Yield	P.E. Ratio
§95	F.P.	—	185	150	††App' C'mp'r Tech's	180	......	0.7	11.0	0.6	22.0
65	F.P.	20/2	170	68	Caledonian Hldgs.	169	−1	b7.3	1.6	6.4	14.4
**	F.P.	16/2	152	118	Hunting Assoc. Defd.	152	+2	—	—	—	—
**	F.P.	9/2	41	31	M. Y. Dart Defd.	37	−1	—	—	—	—
95*c	F.P.	—	117	97	Sedgwick F.New10p	112	......	T5.0	2.1	6.7	10.5

FIXED INTEREST STOCKS

Issue Price	Am'unt Paid up	Latest Renunc Date	1978/79 High	1978/79 Low	Stock	Closing Price	+ or −
£96	£20	—	—		IGFC 12½% Uns Ln 1922	20	......
‡	F.P.	23.2	85p	83p	Chepstow Race'e 5% Cnv. Uns. Ln. 1988	85p	......
**	£10	27/7	13¼	12	Lee Valley Water 8% Red. Prf. 1986	13½	−¼
98	F.P.	14/6	99½	97¼	Mid-Southern Water 8% Red. Pref 1984	99½	......
**		9/3	101p	95p	Shaw Carpets 10% 2nd Cum. Pref. £1	101p	......

"RIGHTS OFFERS"

Issue Price p:	Am'unt Paid up	Latest Renunc. Date ●	Latest Renunc. Date ◻	1978/9 High	1978/9 Low	Stock	Closing Price p:	+ or −
fl280	Nil	—	—	£3pm	150pm	Algemene Bank Nederland	150pm	−25
125	F.P.	9/2	23/3	171	153	Baker Perkins	153	......
C$21½	Nil	—	—	24pm	10pm	Bank of Nova Scotia	10pm	......
115	Nil	—	—	41pm	32pm	Brammer (H.)	38pm	......
60	F.P.	6/3	27/4	86	66	Burco Dean	82	......
88	Nil	—	—	29pm	22pm	Cement-Roadstone	22pm	−1
220	F.P.	14/2	6/4	292	238	Haslemere Estates	278	−6
60	F.P.	2/3	22/3	69	62	Hawkins & Tipson	69	......
33	Nil	22/3	4/5	9pm	5pm	Hirst & Mallinson	7½pm	−1½
185	Nil	23/3	18/5	40pm	25pm	Johnson Matthey	32pm	......
67	F.P.	7/3	20/4	109	74½	Macpherson (D.)	102	−1
58	F.P.	26/2	26/3	66	60	Montfort	64	+1
225	F.P.	12/3	20/4	286	238	Rank Org.	280	−4
59	Nil	25/3	19/5	20pm	14pm	Redman Heenan	20pm	......
27	F.P.	14/3	25/4	37	35	Sekers Intl.	36½	+½
315	F.P.	12/3	2/4	386	243	Taylor Woodrow	374	−8

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. c Assumed dividend and yield. a Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. o Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. ◻ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Thurs., March 15, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Weds., Mar. 14 Index No.	Tues., Mar. 13 Index No.	Mon., Mar. 12 Index No.	Fri., Mar. 9 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	254.50	−1.3	15.90	5.27	8.55	257.87	257.30	260.59	257.68	199.77
2	Building Materials (27)	232.87	−0.7	16.55	5.71	8.30	234.49	235.45	235.03	237.45	178.74
3	Contracting, Construction (28)	383.56	−1.7	19.93	5.32	7.05	390.28	390.35	393.84	386.89	305.14
4	Electricals (14)	605.57	−1.5	12.75	3.13	10.77	614.49	611.24	620.39	620.84	432.97
5	Engineering Contractors (12)	391.77	−1.5	17.06	5.73	7.92	399.48	398.14	399.09	398.66	300.00
6	Mechanical Engineering (75)	194.10	−1.5	17.05	5.72	7.81	196.97	196.65	198.68	195.15	158.58
8	Metals and Metal Forming (16)	170.85	−1.3	16.27	8.58	8.26	173.06	172.33	175.97	175.14	160.79
	CONSUMER GOODS										
11	(DURABLE) (53)	229.84	−1.3	15.63	4.70	8.54	232.86	231.65	233.77	232.14	182.77
12	Lt. Electronics, Radio, TV (16)	304.95	−1.6	12.74	3.46	11.01	309.78	307.86	311.02	310.35	216.83
13	Household Goods (12)	166.64	−0.8	17.80	6.57	7.76	167.97	167.05	166.13	166.69	148.89
14	Motors and Distributors (25)	123.71	−0.9	21.01	6.81	5.95	124.79	124.40	125.98	124.94	112.05
	CONSUMER GOODS										
21	(NON-DURABLE) (170)	239.59	−1.2	14.65	5.43	8.95	242.51	241.60	246.06	243.18	191.09
22	Breweries (14)	254.43	−1.7	15.01	5.91	8.45	258.80	258.19	262.98	266.93	213.25
23	Wines and Spirits (6)	340.25	−1.4	13.65	4.38	10.76	345.07	346.88	350.66	348.45	242.45
24	Entertainment, Catering (17)	313.61	−1.4	14.38	6.04	9.34	318.11	315.65	322.45	318.54	233.99
25	Food Manufacturing (19)	220.16	−1.0	17.34	5.07	7.54	222.41	220.51	225.15	223.67	198.92
26	Food Retailing (15)	277.09	−1.0	11.45	4.25	11.68	279.89	277.38	284.78	280.77	184.62
32	Newspapers, Publishing (12)	421.63	−1.0	19.45	5.96	7.29	425.97	424.53	428.03	430.17	307.75
33	Packaging and Paper (15)	144.95	−1.1	20.14	7.56	6.42	146.67	146.30	148.97	147.93	122.43
34	Stores (40)	229.78	−1.0	10.66	4.14	13.43	232.01	229.87	234.92	231.26	178.04
35	Textiles (23)	182.15	−1.4	17.78	8.36	7.30	184.69	184.12	185.37	183.55	166.63
36	Tobaccos (3)	284.09	−1.4	20.05	7.25	5.73	288.25	291.21	294.86	292.02	239.29
37	Toys and Games (6)	93.28	—	23.79	6.97	4.96	93.28	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (99)	214.89	−1.4	14.30	5.89	9.03	217.94	217.05	220.05	217.61	181.88
42	Chemicals (18)	298.23	−1.8	14.96	6.51	8.64	306.56	304.82	312.26	311.67	259.88
43	Pharmaceutical Products (7)	263.80	−1.4	10.45	4.38	13.19	267.63	267.16	273.08	268.74	254.33
44	Office Equipment (6)	140.02	−0.9	13.87	5.58	9.08	141.25	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	420.84	−0.8	14.37	7.22	8.63	424.06	426.99	431.18	427.69	418.85
46	Miscellaneous (58)	226.98	−1.3	16.07	6.05	8.25	230.59	229.77	233.38	230.66	189.81
49	INDUSTRIAL GROUP (494)	249.19	−1.3	15.22	5.27	8.33	252.57	251.69	255.29	252.26	195.94
51	Oils (6)	619.36	+0.4	11.28	3.41	9.66	616.66	628.67	622.50	612.77	428.73
59	500 SHARE INDEX	274.80	−1.0	14.34	5.11	8.96	277.57	277.05	281.07	278.44	216.66
61	FINANCIAL GROUP (115)	194.70	−0.9	—	5.18	—	196.44	195.16	198.40	196.90	164.89
62	Banks (6)	229.15	−0.3	29.00	5.26	4.52	229.89	226.28	231.90	235.10	186.33
63	Discount Houses (10)	243.09	−0.4	—	7.60	—	244.17	245.42	245.66	244.53	200.24
64	Hire Purchase (5)	178.71	−0.5	18.04	4.93	7.12	179.53	181.16	181.97	182.33	148.48
65	Insurance (Life) (10)	151.45	−1.1	—	6.23	—	153.09	151.88	154.76	149.35	137.55
66	Insurance (Composite) (7)	139.93	−1.9	—	6.63	—	142.61	142.23	144.33	141.33	129.20
67	Insurance Brokers (10)	333.09	−1.3	14.94	5.77	9.59	337.53	336.81	343.87	339.30	340.39
68	Merchant Banks (14)	93.91	+0.5	—	5.53	—	93.43	90.56	89.60	88.50	76.46
69	Property (43)	326.67	−0.9	3.28	2.49	48.84	329.66	329.12	333.87	332.21	236.12
70	Miscellaneous (10)	123.32	+0.3	18.32	6.42	6.79	122.89	124.19	125.23	123.13	106.19
71	Investment Trusts (111)	231.32	−1.1	—	4.73	—	233.97	234.23	235.01	230.06	181.27
81	Mining Finance (4)	127.49	−1.3	14.74	5.59	8.35	129.11	130.01	131.83	129.29	87.52
91	Overseas Traders (20)	360.58	−0.6	13.86	6.99	9.16	362.84	361.40	363.20	358.04	273.55
99	ALL-SHARE INDEX (750)	253.36	−1.0	—	5.15	—	255.88	255.27	258.84	256.23	201.45

FIXED INTEREST PRICE INDICES

	British Government	Thurs., Mar. 15	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	105.47	−0.44	—	1.87
2	5-15 years	115.80	−1.70	—	1.39
3	Over 15 years	120.57	−1.77	—	2.24
4	Irredeemables	129.69	−2.95	—	1.78
5	All stocks	113.32	−1.26	—	1.91

	FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.		Thurs., Mar. 15	Weds., Mar. 14	Year ago (approx.)
1	Low Coupons	5 years	9.18	8.98	7.60
2		15 years	10.88	10.61	9.80
3		25 years	11.72	11.44	10.30
4	Medium Coupons	5 years	11.69	11.44	9.64
5		15 years	12.29	12.04	10.87
6		25 years	12.37	12.08	11.03
7	High Coupons	5 years	12.09	11.83	9.89
8		15 years	12.75	12.50	11.62
9		25 years	12.82	12.58	11.95
10	Irredeemables		11.39	11.04	10.14

		Thurs. Mar. 15 Index No.	Thurs. Mar. 15 Yield %	Wed. Mar. 14	Tues. Mar. 13	Mon. Mar. 12	Fri. Mar. 9	Thurs. Mar. 8	Wed. Mar. 7	Tue. Mar. 6	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	56.33	†15.17	54.67	54.68	54.68	54.63	54.57	54.21	53.86	60.00
16	Investment Trust Prefs. (15)	50.16	14.01	50.44	50.39	50.39	50.16	50.16	49.89	49.89	56.41
17	Coml. and Indl. Prefs. (20)	71.17	13.13	71.06	70.77	70.77	70.76	70.69	69.93	69.80	75.35

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

LEGAL NOTICE

IN THE MATTER OF JAYSHORE LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 23rd day of April, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned KEITH DAVID GOODMAN, FCA, of 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 12th day of March 1979.
K. D. GOODMAN, Liquidator.

LEGAL NOTICES

In The HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of:
No. 00729 of 1979
APHRODITE INVESTMENT LIMITED
No. 00734 of 1979
T. COYNE & CO. LIMITED
and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN that petitions for the winding up of the above named Companies by the High Court of Justice were on the 5th day of March 1979 presented to the said Court by THE COMMISSIONERS OF INLAND REVENUE, of Somerset House, Strand, London, WC2R 1LB and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, on the 9th day of April 1979, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel, for that purpose, and a copy of the Petition will be furnished to any creditor or contributory of any of the said Companies requiring the same by the undersigned on payment of the regulated charge for the same.

ERIC MOSES,
Solicitor of Inland Revenue,
Somerset House, Strand,
London WC2R 1LB.

NOTE.—Any person who intends to appear on the hearing of any of the said Petitions must serve on or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 6th day of April, 1979.

IN THE MATTER OF ALLCROFT AND WOODS LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company which is being voluntarily wound up, are required, on or before the 18th day of April, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned PHILIP MONJACK, FCA, of 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 7th day of March, 1979.
PHILIP MONJACK, FCA, Liquidator.

IN THE MATTER OF COLORAMA TRANSFER REPRODUCTIONS LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 20th day of April, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned KEITH DAVID GOODMAN, FCA, of 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 9th day of March, 1979.
K. D. GOODMAN, Liquidator.

هكذا من الأصل

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Gilt Int. Tst.	104.3	104.8	-0.9	3.21
Abbey Capital	38.0	40.4	-0.6	4.28
Abbey Income	44.7	47.5	-0.7	6.45
Abbey Inv. Tst. Fd.	40.0	42.6	+0.2	4.52
Abbey Gen. Tst.	51.2	54.5	-0.9	4.28
Equitas Prog. Tst.	71.9	75.8	-0.8	4.45

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	74.2	79.4xd	-1.1	5.26
Brit. Inds. Fund	72.5	77.6	-0.9	5.03
Grth. & Inc.	41.2	44.1	-0.5	4.99
Elect. & Ind. Dev.	39.7	42.5	-0.5	4.24
Allied Capital	78.7	84.2	-0.9	4.30
Hambro Fund	120.6	129.0	-1.4	4.34
Hambro Acc. Fd.	138.5	148.2	-2.4	4.43
Income Funds				
High Yield Fd.	77.7	83.1xd	-0.2	7.82
High Income	71.5	76.5xd	-0.8	6.89
A. H. Eq. Inc.	42.3	45.3	-0.4	6.78
International Funds				
International	26.5	28.4xd	.....	2.85
Pacific Fund	32.7	45.7	+0.1	1.85
Secs. Of America	55.6	59.5	+0.1	1.98
Specialist Funds				
Smaller Co.'s Fd.	45.2	48.4	+0.1	3.93
2nd Smlr. Co's Fd.	55.5	59.4xd	-0.1	4.21
Recovery Sits.	109.8	117.5	-0.4	4.68
Met. Min. & C'dty.	47.6	50.9	-0.4	4.50
Overseas Earnings	64.7	69.2	-0.8	4.19
Exempt Funds				
Far East Exempt	46.8	48.7	+0.1	2.05
Smaller Co. Exempt	69.6	73.9	.....	4.43
U.S.A. Exempt	97.6	101.5xd	-0.1	1.97

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	58.2	62.5	.....	4.44

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	48.4	51.7	-0.7	4.21
Do. Accum.	63.8	65.2	-0.9	4.21

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital March 1	107.6	108.9	.....	4.59
Gross Income March 1	78.8	79.8	.....	9.02
High Yield March 1	88.1	93.1xd	.....	8.49

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD. 01-628 8131

G.T. Cap. Inc.	101.5	107.9	.....	2.80
Do. Acc.	124.5	132.4	.....	2.80
G.T. Inc. Fd. Un.	174.7	185.8xd	.....	8.10
G.T. U.S. & Gen.	126.9	134.9	.....	2.10
G.T. Japan & Gen.	88.5	93.9	.....	1.80
♦Gt. Pens. Ex. Fd.	186.8	196.1	.....	3.20
G.T. Int'l. Fund	149.0	158.5xd	.....	1.80
G.T. Four Yds. Fd.	57.6	61.2	.....	8.20
G.T. Far East & Gen.	46.6	49.0	.....	2.00

G. & A. Trust (a)(g)
5 Rayleigh Road, Brentwood (0277) 227300

G. & A.	37.4	39.9	-0.7	4.61

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-283 3531

American Tst.	25.4	27.3	.....	0.22
British Tst. (Acc.)	63.8	68.6	-1.0	3.68
Commodity Share	170.2	191.3	+0.2	3.53
Extra Income Tst.	26.7	28.7	-0.1	7.93
Far East Trust	35.9	38.6xd	-0.1	0.28
High Income Tst.	63.4	68.2	+0.1	8.86
Income Fund	82.2	88.4xd	-0.5	6.19
Ins. Agencies	£15.24	16.12	-0.08	3.87
Intl. Exempt Fd.	98.0	106.0	-0.7	6.56
Intl. Tst. (Acc.)	32.5	35.0	.....	0.64

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

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INSURANCE AND PROPERTY BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

NOTES

[illegible]

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

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Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly...	22	...	—	—
41	33	Do. 5pc Pref......	40	...	—	—
98	98	Chilean Mixed.....	98	...	—	f3.10

BONDS & RAILS—Cont.

AMERICANS

S.E. List Premium 39¾% (based on US$2.0375 per £)

CANADIANS

S.E. List Premium 39¾% (based on $2.3925 per £)

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INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

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[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

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NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✠ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. R Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 38

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26½	......
Ash Spinning	107	......
Bertam	27	+1
Bdg'wtr. Est. 50p	360	......
Clover Croft	28	......
Craig & Rose £1	930	+120
Dyson (R. A.) A	35	....
Ellis & McHdy	69	......
Evered	26	......
Fife Forge	52xd	......
Finlay Pkg. 5p	20½	......
Graig Ship. £1	142	+7
Higsons Brew	75	−2
Holt (Jos) 25p	270	......
I.O.M. Stm. £1	178xc	......
Pearce (C. H.)	203	......
Peel Mills	26	......
Sheff. Refrshmt	74	......
Sindall (Wm.)	120	......

IRISH

Conv. 9% '80/82	£90½	−⅛
Alliance Gas	110	......
Arnott	400	......
Carroll (P.J.)	110	......
Clondalkin	96	......
Concrete Prods.	135	......
Heiton (Hldgs.)	61	−2
Ins. Corp.	180	......
Irish Ropes	105	......
Jacob	41	−2
T.M.G.	235	+10
Unidare	85	......

OPTIONS
3-month Call Rates

Industrials

A. Brew	6½
BOC Intl.	6
B.S.R.	8
Babcock	11
Barclays Bank	25
Beecham	32
Blue Circle	18
Boots	15
Bowaters	14
B.A.T.	24
Brown (J.)	33
Burton 'A'	16
Cadburys	5
Courtaulds	10
Debenhams	8
Distillers	15
Dunlop	5
Eagle Star	10
E.M.I.	14
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	7½
G.U.S. 'A'	29
Guardian	18
G.K.N.	22
Hawker Sidd	20
House of Fraser	12
I.C.I.	20
"Imps"	6
I.C.L.	40
Inveresk	7
KCA	3
Ladbroke	14
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lofs"	4
London Brick	6
Lonrho	5
Lucas Inds.	25
"Mams"	12
Mrks. & Spncr	7
Midland Bank	25
N.E.I.	12
Nat. West. Bank	22
Do. Warrants	10
P & O Dfd.	7
Plessey	8
R.H.M.	5
Rank Org.	18
Reed Intnl.	12
Spillers	3½
Tesco	4
Thorn	22
Trust Houses	£18
Tube Invest.	30
Unilever	35
U.D.T.	4
Utd. Drapery	7½
Vickers	15
Woolworths	5

Property

Brit. Land	3¼
Cap. Counties	4½
E.P.	3½
Intreuropean	5
Land Secs.	16
MEPC	12
Peachey	8
Samuel Props.	9
Town & City	1¼

Oils

Brit. Petroleum	45
Burmah Oil	8
Charterhall	2½
Shell	28
Ultramar	16

Mines

Charter Cons.	12
Cons. Gold	12
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday March 16 1979

Brazil's economic policy to change

BY HUGH O'SHAUGHNESSY IN BRASILIA

IMPORTANT CHANGES to Brazil's economic policy were foreshadowed yesterday in the inaugural speech in Brasilia by Gen. Joao Baptista Figueiredo, the President.

He said that the farm sector would have priority in Brazil's strategy, that the fight against inflation would be stepped up, and that the country's international accounts would be brought into balance.

The emphasis he gave to the expansion of agriculture appears to be at the expense of industrial development.

Gen. Figueiredo, who will hold office for six years, said: "Much of the progress made up to now was only possible due to the mobilisation of the resources of foreign savings. I think, nevertheless, that, given the size of the Brazilian economy, we must ourselves finance the cost of our development."

The reference to the reduction of foreign borrowing comes as Brazil's total foreign debts have topped $42bn and when it is having to spend two-thirds of its export income on servicing this.

The President gave cautious and conditional support to the idea of bringing more genuine democracy to Brazil—within the framework of the military coup d'etat of 1964.

He also appeared to support a more progressive redistribution of income when he said: "The few must not have an excess while the many go without."

Gen. Figueiredo was speaking at a brief ceremony at the Planalto Palace during which he took the sash of office from the outgoing Gen. Ernesto Geisel.

But yesterday's ceremonies have not eliminated the feeling in some political quarters that the President may not serve his term.

The opposition, for instance, has this week tabled a Bill in Congress which would reduce the presidential term to two years and call a general election next year.

The motion can be expected to founder in a Congress which has a largely decorative rather than legislative function. But it is seen as significant.

There is talk among Brazilian politicians of convoking a constituent assembly within the next two or three years which could draft a new constitution.

John Evans writes: Indications that Brazil, which raised an estimated $6.4bn in world bond and loan markets last year, is turning to a more restrictive foreign borrowing policy, will be generally welcomed by the international banking community.

With one of the world's highest debt service ratios, aggravated by the recent high cost of dollar finance, there have been question-marks over Brazil's ability to produce a sufficiently large current account surplus to reduce gross indebtedness.

However, these concerns are balanced by the fact that Brazil's foreign exchange reserves had grown to $12bn by the end of last year, enough to meet a full year's import bill.

For the international banks, the new Brazilian policy could contain some drawbacks. With plentiful international liquidity, Brazil has started to negotiate very favourable terms on new loans, and also renegotiate some old credits to obtain longer maturities.

Cabinet plans strategy after devolution defeat

BY RICHARD EVANS, LOBBY EDITOR

THE CABINET hammered out its strategy yesterday for meeting the complex political difficulties created by the Scottish referendum result and the indications are that the Government will go all out to keep alive its commitment to set up an Edinburgh Assembly.

The Prime Minister is to make a Commons statement by the middle of next week outlining the Government's plans and Orders annulling the Scotland and Wales Acts will be tabled at the same time.

The key question will be when there will be votes on the Orders. Much as Ministers still wish to delay, the debate might have to be held in the week after next because of mounting opposition pressure.

The dilemma facing Ministers is that they could face a vote of no confidence from a combined force of Conservatives, Liberals and Nationalist MPs if they postpone a vote, but equally there would probably be an immediate vote of no confidence should the Scotland Act be killed off.

Such a vote would bring the Government perilously close to defeat and an unwelcome spring election. Mr. Callaghan would have to rely on the capricious Ulster Unionists to keep his minority government alive, and they have less reason for doing so now that the legislation increasing the number of Northern Ireland seats at Westminster is about to reach the Statute Book.

The Prime Minister's probable tactic will be to play for time by promising all-party talks on Scottish devolution. But to achieve these he will first have to hold the votes on the Orders.

An Edinburgh Assembly would remain an option only if the Government's annulment order made necessary by the failure to achieve 40 per cent of the electorate in the referendum is rejected.

The Government recommendation will be to accept the Order on the Wales Act and thus kill off Welsh devolution, but to reject the Scottish Order. Mr. Callaghan would get the support of the Nationalists and most Liberals, but the number of Labour rebels would have to be more than halved for the tactic to succeed.

Parliament, Page 12

Injection of £450m to aid bank liquidity

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE BANK of England yesterday took further action to ease the severe liquidity pressures on the banking system produced by the recent very large sales of gilt-edged stock and other government debt.

Funds totalling about £450m are to be injected into the system early next week, in addition to £890m temporarily released last month.

The Bank stressed yesterday that the move implied no change in monetary policy and was "solely a technical market-smoothing operation, intended to avoid greater pressure than is necessary to achieve continuing monetary restraint."

The news did nothing to prevent a decline in the price of gilt-edged stock. There was speculation about a possible new issue, or issues, this afternoon and in thin trading conditions the FT Government Securities index declined by 1½ per cent.

Pressure is being eased through a temporary release of special deposits which have to be held by the banks at the Bank of England. A total of £252m will be directly released in this way and nearly £200m more will come in a similar relief to the cleaners.

This will reduce the special deposits from 1 per cent to nil, compared with 3 per cent a month ago. But 1 per cent will be recalled (as previously announced) on March 30, with a further 1 per cent due on April 23, after the start of the new banking year.

The apparent paradox of the authorities' giving away with one hand—if only temporarily—what they have taken in with another hand is largely explained by the bunching of official debt sales.

Gilt-edged sales of nearly £2½bn have been tied up in the last six weeks with calls of £650m in the month to mid-March and a further £600m in the following month. In addition, there have been substantial sales of Certificates of Tax Deposit, an investment available to taxpayers, while quite large sales of the latest issue of national savings certificates have been made.

This has put considerable pressure on the short-term money markets and, with expectations of a fall in interest rates, has meant that overnight money costs more than three-month loans. To correct this and to ensure that the banks' reserve assets remain above the specified minimum level, funds have been injected into the system.

An added complication is that bank lending appears to be buoyant, and the authorities are reluctant to drain funds from the system until they are clear how much of any rise in advances is temporary and caused by the disruptive effects of the bad ewather and recent strikes. This is why the Minimum Lending Rate was left unchanged yesterday at 13 per cent.

Iran debts 'to be paid on time'

BY ANTHONY McDERMOTT IN TEHRAN

IRAN will not ask for its international debts to be rescheduled, Dr. Mohammed Ali Mowlavi, the governor of Bank Iran Markazi (the Central Bank) said yesterday.

At a Press conference, he sought to give assurances that the banking system after weeks of revolution was returning to normal. He admitted there had been some delays in repayment of outstanding credits. But these had occurred because of administrative problems directly connected with the revolution.

Three days ago, he said, the Finance Ministry had issued instructions that repayment would be made within the terms of maturities specified.

On the question of the exchange rate of the Rial, the governor said it would depend on the level of oil revenues—*a crucial issue that is still* undecided.

Dr. Mowlavi concentrated in particular on incentives to get the economy moving again. Economic activity is now stagnant as a result of politically motivated strikes.

It had been decided to offer loans to industry through certain specialised banks at well below the usual interest terms of 14 per cent or more. This is to enable them to solve their liquidity problems. The only requirement would be that these loans would not be used solely for wages but rather for investment.

Central Bank loans to commercial banks would carry an interest rate of 2.5 per cent. These banks would not be able to add a margin of more than 1.5 per cent, resulting in an overall charge of 4 per cent.

Studies on banking aid to the *much-neglected agricultural sector* are still under way. Within the Central Bank it is being said that the interest rate for the agricultural sector would be lower. (In deference to the Islamic banking code, "interest" is now formaly referred to as "commission.")

Dr. Mowlavi went out of his way to demonstrate that the banking system had recovered. In the week starting February 11, some 137,000 cheques had been cleared. But given that there were some 40 0branches in operation in Tehran alone before the revolution, this is not an impressive figure.

The revolutionary side of the new régime at the Central Bank was demonstrated at the conference by a display of new notes printed by De La Rue. These showed notes of 5,000 and 10,000 rials on which the Shah's features — but not the watermarks — had been obliterated.

Islam and modernism in confrontation, Page 4

Bank handled Gilts issues 'inadequately'

BY. CHRISTINE MOIR

THE BANK of England's handling of the two Gilts issues on February 22 was inadequate, according to the Council for the Securities Industry. But stockbrokers who left their applications to the last moments must share the blame, it says.

"The Bank failed to provide such facilities for the receipt of applications as the investing *public was entitled to expect,*" the report from the four-man sub-committee of the council says.

The committee hopes that "substantial changes" will be made to the facilities, including opening "a new issue counter on the ground floor with easy access and capacity for ready expansion in special circumstances."

The Bank has already responded to the criticism. It intends to install a continuous counter in the New Issues department, set aside more lifts for applicants, and open the *staircase.*

The sub-committee, headed by Mr. Patrick Neill, QC, chairman of the council, has been studying complaints from Joseph Sebag and Vickers da Costa, the stockbrokers, about events which led to what has been dubbed "the battle of Watling Street."

The Bank closed its three counters at 10.01 am with the two issues unprecedently over-subscribed—one by six times and the other by ten—and with treble the number of applications seen for any previous issue.

The committee acknowledges that the Bank went some way to preparing for the flood of applications by double manning each counter, but not far enough.

Sebags and Vickers had also asked the Council to rule on whether the Bank's action created a false market on the first day of dealing, since banks, investment houses and stockbrokers, who had been locked out when the counters shut, poured into the market to make good their clients' losses.

The committee did not rule *on this contention because it* accepted the Bank's claim that the market dealings on the first day simply represented keen competition.

Guarantees sought for small firms' loans

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A FINAL attempt to persuade the clearing banks to set up a guarantee scheme for their loans to *small firms is likely* to be launched soon by Mr. Harold Lever, Chancellor of the Duchy of Lancaster.

This follows the publication yesterday of a report by the Wilson Committee on Financial Institutions which both criticises the banks for their treatment of small firms and recommends the introduction of a State-backed guarantee scheme.

The report also recommends that the Government should set up an English Development Agency for small companies which would have powers to provide equity as well as loans. It also suggests that a special type of investment trust called a small businesses investment company qualifying for special presonal taxation exemptions should be promoted by the Government.

For some time Mr. Lever has been trying to persuade the clearing banks, through contacts made by the Bank of England, to set up their own guarantee scheme with little or no State *support.*

The banks have refused to do this and Mr. Lever, who will today announce the Government's response to the Wilson report, is believed to be considering making a personal plea.

Launching the report yesterday, Sir Harold Wilson, chairman of the Committee, indicated that he was sorry that it did not include any general recommendations about lowering taxation levels for small firms.

This was criticised last night by most small firms' lobbyists, *including the Confederation of* British Industry. But the Union of Independent Companies said it would have been wrong to have put yesterday's report at risk by trying to force taxation recommendations through.

Wilson Committee report Page 10
Editorial Comment Page 22

Electricity charges frozen

By Roy Hodson

DOMESTIC electricity charges will be frozen at present levels at least until the end of May while the Price Commission investigates rises averaging 8.6 per cent the area electricity boards hoped to introduce next month.

"We expect to be able to see by *the end of May how much of* the increase we can recommend to go through," the Commission said last night.

It is confining its investigation to quarterly-billed electricity users. Industrial and commercial users billed monthly will pay a 3.7 per cent increase from April together with a fuel adjustment surcharge.

Behind the scenes in Whitehall a row has rumbled for several days over the Price Commission proposal. It is the first time that action has been taken by the Commission against a general electricity price increase.

Sir Francis Tombs, chairman of the Electricity Council, asked Mr. Anthony Wedgwood Benn, the Energy Secretary, to veto the Commission's proposal on the grounds that it would cause the industry to fall short of financial targets newly set by the Treasury.

"It is not clear to us why the Price Commission has seen fit to hold up the implementation of the domestic increase," the Electricity Council said last night. "There is exactly the same justification for this increase as there is for the industrial and commercial increase which is being allowed by the Commission."

Continued from Page 1

Egypt's Cabinet

unannounced visit to Riyadh on Wednesday night in an attempt to soften Saudi Arabian opposition to the proposed treaty. He is understood to have met King Khaled and Crown Prince Fahd after the *monarch* had talked on the telephone to President Numeiri of the Sudan.

Mr. Mubarak is unlikely to make much impression on the Saudi leadership, which is angered at not having been consulted about last week's peace moves. Moreover last week President Carter turned down an invitation to visit the kingdom.

It had been accompanied by a message from Prince Saud al Feisal, Foreign Minister, saying that Saudi Arabia would be obliged to join any general Arab move to impose sanctions on Egypt in line with the resolutions adopted by the Baghdad summit last November.

Continued from Page 1

Polish debts

due in periods between one year and five years. Long-term debt totals $7.6bn, and matures after five years. A token $85m is denominated in units of account of over one year's duration.

A detailed breakdown of maturing debt shows that $4.1bn is due for repayment this year, while hard currency exports are projected at $6.2bn and imports at $6.8bn.

Services and remittance *inflows total* $1.4bn, and outflows $2.1bn, producing an overall $1.4bn current account deficit this year.

By next year, the ratio of debt payments to hard currency exports and services earnings is projected to fall to 44 per cent, based on maturing debts and interest of $3.8bn and earnings of $8.6bn.

While a small trade surplus is expected, the shortfall on services account should still produce a current account deficit in the order of $550m

There should be an improvement in the trade poistion in 1981 to a surplus of $870m, with exports rising to nearly $8bn. While services will remain in deficit, an overall current account surplus of $320m is planned. This improvement is expected to continue with current account surpluses rising from $1bn in 1982 up to $3.6bn by 1985.

One particular source of concern to Western banks has been the profile of the debt owed by Poland. It has been felt the burden in the next few years could jeopardise its international banking standing, even to the extent of some form of debt rescheduling.

Repayment of loans with maturities between one and five years peak at $2.75bn this year, falling to $2.4bn next year and $1.5bn in 1981.

THE LEX COLUMN

The BP profits gush begins

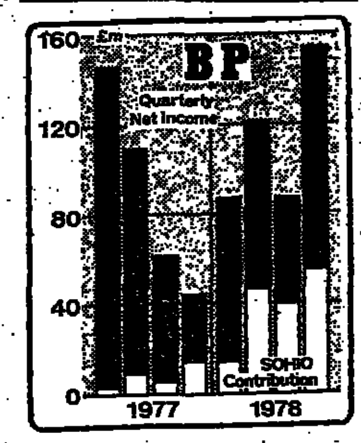
BP's figures show the anticipated fourth quarter jump in profits as the tightening oil market began to allow an improvement in trading margins. Net final quarter income was £170m before currency translation effects, up from £129m in the third, and for 1978 as a whole BP reported net income of £444m (after currency changes) against £358m in 1977.

The 1978 profits are flattered by the sharply higher contribution from Sohio, now a subsidiary, although in practice BP gets its hands on nothing but a dividend. Without Sohio group income actually fell 11 per cent to £292m.

A year ago the shares were at £7.20, worried that BP would do no better in 1978 than it has, in fact, done. Now last year is history, and the shares are at £11. Downstream margins have been better than ever in the first quarter of the current year, and there will be more oil from Alaska this year than last; a maintained strong flow from the Forties Field and an increasing trickle from Ninian. On this *basis, the* 1978 last quarter performance could be a quarterly norm for the current year, and stock profits will be thrown in on top. The market is expecting BP to make a net £750m or so in 1979, and some analysts are pushing their forecasts out beyond £900m.

The *danger is that from now* on things may become rather harder. A new OPEC price rise would generate another round of stock profits, but once the oil supply position is more regular it might be impossible for the oil companies to pass on the increased cost—margins may already be passing their peak. The first half of 1979 will look very good, but the second half may not match it, and 1980 may not be as good as 1979. Assuming earnings per share this year, on an ED19 basis, of 195p, the p/e falls from an historic 10.6 to about 5½: the yield is 3.4 per cent, waiting for dividend freedom.

Index fell 7.2 to 502.7



Lonrho

Although Lonrho has been given the all-clear to bid for SUITS, it is not clear what happens next. An all paper offer for the 70 per cent or so of SUITS which it does not already own would require Lonrho to dilute its equity very substantially. And new financial data in the Monopolies report suggests that it would be pressed to pay cash. The likely attitude of Lonrho's Kuwaiti shareholders adds a further dash of uncertainty to the story.

If Lonrho were to bid in shares for SUITS at the current price of around 140p, it would increase its outstanding equity by some 43m shares, or well over a fifth. In return, its net assets and profits would rise by less than one-tenth. And in practice Lonrho would probably have to pay more than this. SUITS is capitalised at around £44m, which is broadly in line with its net worth and compares with pre-tax profits of maybe £8m in the year ending next month.

As for cash, the report shows that as of last March Lonrho had funds of £244m employed in the UK, excluding the borrowings of its finance houses. Debt (largely short term) accounted for £163m of this figure. Lonrho head office received cash of £25m in the year to September from its investments in Volkswagen, AVP and London City and Westcliff. *But remittances from* Africa are not high (£6.5m in 1977) and the dividend costs £12.6m net.

The group is negotiating medium term loans of about £50m to reduce its heavy dependence on short term borrowings in the UK. It also told the commission that disposals were possible, and that substantial sums could come from the Beira pipeline, either as a result of litigation or of reopening the pipe. In the meantime, however, it may be reluctant to make a big cash acquisition.

Whatever happens in the short term, however, the report should do Lonrho good. The commission comments favourably on Lonrho's treatment of acquisitions in the past, on its entrepreneurial drive and its industrial and commercial experience. And it says that the group is not "unduly dependent" on the achievements of its chief executive.

Watling St. battle

The Council for the Securities Industry has come to the conclusion, as it could scarcely fail to do, that the Bank of England was at fault in the Watling Street new issue debacle on February 22. "The Bank failed to provide such facilities for the receipt of applications as the investing public was entitled to expect." But it also lays some of the blame on the brokers whose messengers arrived with only a few minutes to spare, and baulks at the suggestion that the Bank should pay out compensation for the financial losses suffered.

In a more litigious country the Bank would no doubt already be facing challenges in the courts. The prospectuses stated, after all, that the lists would be opened at 10 am and closed at any time thereafter; yet the CSI has found that applicants arriving shortly before 10 am had no opportunity to reach the new issue counter.

A number of aspects remain unexplained. Did the Bank *officials marshalling the queue give* misleading advice, as has been claimed? Wat it necesary to have officers at windows "facilitating" the lodging of applications? Then there is the question of the postal applications which were rejected on a large scale—though this was outside the scope of the CSI enquiry which only dealt with the complaints of two brokers, Vickers da Costa and Sebag.

The main lesson the CSI draws is that the Bank should instal a bigger new issue department on the ground floor. But surely there *are much more important* questions involved. One is that even experienced City investors failed to be aware of the Bank's unwritten rules. There must be a case for making procedures absolutely clear cut both for personal applicants and for postal applications (at present the Bank appears to have almost complete discretion in deciding whether letters have arrived at the right place at the right time).

Another subject worthy of discussion is the way in which the Bank has served to fan the *speculative flames.* Partly paid issues are deliberately designed to pull in speculative buyers, but the Bank has failed to bring its new issue facilities up to the level provided by merchant and clearing banks which are used to heavily stagged equity issues. The question is whether the Bank needs not so much a bigger new issue counter as a different new issue policy.

Weather

UK TODAY

OUTBREAKS of rain sleet or snow in England and Wales. Bright intervals with snow or hail in Ulster and the North.

London, E., S., Cent. England, Channel Isles, Midlands, S. Wales

Cloudy, outbreaks of rain, sleet or snow with some *drifting.*

N. Wales, N.W. England, S.W. Scotland, Isle of Man, Argyll

Bright or sunny intervals. Isolated wintry showers.

N.W. Scotland Ulster

Bright intervals and showers of snow or hail

Rest of Scotland, Shetland, N.E. England

Bright intervals, frequent showers of snow or hail with local thunder.

● **Outlook:** Continuing cold

● **Long-range forecast:** More snow in some parts. Cold and wet with snow in the East at times.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	R	12	54	Locarno	R	7	45
Algiers	C	13	55	London	Sn	2	36
Amsdm.	Sn	1	34	Luxmbg.	C	10	50
Athens	F	17	63	Luxor	S	28	82
Bahrain	C	22	72	Madrid	F	8	46
Barclna.	C	8	46	Majorca	F	13	55
Beirut	S	18	64	Malaga	F	13	55
Belfast	C	4	39	Malta	F	19	66
Beldrd.	S	21	70	Mchstr.	C	3	37
Berlin	Sl	0	32	Melbne.	C	22	72
Biarritz	C	8	46	Mex. C.	S	21	70
Bmghm.	C	3	37	Milan	R	11	52
Blackp'l	F	5	41	M'ntreal	C	—12	10
Bordx.	C	9	48	Moscow	C	0	32
Boulgn.	R	3	37	Munich	C	17	63
Bristol	C	3	37	Nairobi	S	23	73
Brussels	R	2	36	Naples	C	21	70
Budpst.	C	18	64	Nwcstl.	C	2	36
B. Aires	S	24	76	N. York	S	—3	26
Cairo	S	22	72	Nice	C	13	55
Cardiff	C	4	39	Oporto	R	9	48
Cas'b'ca	F	15	59	Oslo	C	0	32
Cape T.	S	25	77	Paris	C	5	41
Chicago	R	8	46	Perth	S	27	81
Cologne	C	4	40	Prague	C	7	45
Cpnhgn.	C	3	37	Reykjvk.	C	1	34
Corfu	C	9	48	Rhodes	F	18	64
Dublin	Sl	5	41	Rio J'o	C	27	80
Dbrvnk.	C	3	37	Rome	F	19	66
Ednbgh.	Sl	2	36	Salzb'rg	C	20	68
Faro	F	15	59	Singapr.	C	30	86
Florence	C	13	55	Stckhm.	S	—1	30
Frankft	C	9	48	Strasb'g	C	8	46
Funchal	F	15	59	Sydney	S	23	73
Geneva	C	12	54	Tangier	F	13	55
Gibrltr.	F	13	55	Tehran	F	9	48
Glasgow	C	4	39	Tel Aviv	S	19	66
G'rnsey	Sn	2	36	Tenerife	F	17	63
Helsinki	C	—2	28	Tokyo	C	12	54
H. Kong	C	17	63	Toronto	S	—13	9
Innsbrk.	C	5	41	Tunis	F	18	64
Invrnss.	R	4	39	Valencia	F	15	59
Istanbul	S	17	63	Venice	C	12	54
Jersey	S	4	39	Vienna	C	8	46
Jo'burg	F	26	79	Warsaw	F	2	36
L. Plms.	F	18	64	Zurich	C	16	61
Lisbon	F	15	59				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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هكذا من الأصل